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Independent Audit Report in accordance with International Standards on Auditing

Cirsa Enterprises Group
Special-purpose consolidated financial statements at December 31, 2019

Ernst & Young, S.L.
Edificio Sarrià Forum
Avda. Sarrià, 102–106
08017 Barcelona
España

Tel: 933 663 700
Fax: 934 053 784
ey.com

INDEPENDENT AUDIT REPORT ON SPECIAL-PURPOSE CONSOLIDATED FINANCIAL STATEMENTS

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Finance Management of Cirsa Enterprises, S.L.:

Opinion

We have audited the accompanying special-purpose consolidated financial statements of Cirsa Enterprises, S.L. (the Parent) and its Subsidiaries (the Group or Cirsa Enterprises Group), which comprise the consolidated statement of financial position at December 31, 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the explanatory notes thereto, which include a summary of the significant accounting policies (together known as "the consolidated financial statements"). The special-purpose consolidated financial statements have been prepared by the Finance Management of Cirsa Enterprises, S.L. on the basis of the financial reporting criteria described in Note 2, since these were the criteria that the Parent Company considers most adequate to achieve the purpose for which they were prepared.

In our opinion, the accompanying consolidated financial statements have been prepared, in all material respects, in conformity with the financial reporting criteria described in Note 2.

Basis for opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). Furthermore, we have complied with other ethical requirements in compliance with IESBA Code.

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

Domicilio Social: Calle de Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. C.I.F. B-78970506.
A member firm of Ernst & Young Global Limited.

Emphasis of matter paragraph - Basis of accounting and restrictions on distribution and utilization

We draw attention to the accompanying explanatory Note 2, which describes the basis of the accounting principles and criteria used. As indicated in said note, the special-purpose consolidated financial statements have not been prepared to meet legal requirements and have been mainly prepared to show, for comparative purposes, the 12-month activity of the Cirsa Enterprises Group in 2018, instead of the 6-month comparative figures that would result from the preparation of consolidated financial statements. Consequently, the consolidated financial statements may not be suitable for other purposes. Our report is intended solely for the Group's Finance Management and must not be distributed to or used by any other parties. Our audit opinion is not further qualified in respect of this matter.

Emphasis of matter paragraph - Subsequent events

We draw attention to Note 29 to the accompanying financial statements, which deals with the impact on the Group of the recent global health emergency situation caused by the coronavirus (COVID-19). Our opinion is not qualified in respect of this matter.

Other matters

The special-purpose consolidated financial statements have been audited applying International Standards on Auditing. This report can under no circumstances be considered an audit report in the terms established by prevailing audit regulations in Spain.

Responsibilities of Finance Management for the consolidated financial statements

Finance Management are responsible for the preparation of the accompanying special-purpose consolidated financial statements in accordance with the financial reporting criteria described in Note 2, and for the internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Finance Management is responsible for assessing the ability of Cirsa Enterprises Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Finance Management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Finance Management.

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

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

ERNST & YOUNG, S.L.

Joan Tubau Roca

March 27, 2020

Cirsa Enterprises Group

Special-Purpose Consolidated Financial Statements
for the year ended December 31, 2019

(Translation of financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

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Appendix - Detail of subsidiaries at December 31, 2019 and 2018

Cirsa Enterprises Group
Consolidated financial statement of financial position at December 31

ASSETS

(Thousands of euros)	Notes	2019	2018
Non-current assets		**3,272,195**	**2,533,233**
Goodwill	5	1,219,064	968,100
Other intangible assets	6	1,206,949	1,103,676
Property, plant and equipment	7	397,569	297,461
Right-of-use assets	20	305,137	-
Investments accounted for using the equity method	8	32,887	78,990
Financial assets	9	49,252	39,426
Deferred tax assets	18.4	61,337	45,580
Current assets		**341,369**	**307,546**
Inventories	11	20,029	17,903
Trade and other receivables	9	117,344	112,509
Other financial assets	9	34,877	14,886
Other current assets		9,450	10,056
Cash and cash equivalents	12	159,669	152,192
Total assets		**3,613,564**	**2,840,779**

EQUITY AND LIABILITIES

(Thousands of euros)	Notes	2019	2018
Equity		**642,682**	**666,757**
Issued capital	13.1	70,663	70,663
Share premium	13.1	635,390	635,940
Retained earnings	13.2	(190,756)	125,103
Currency translation differences		2,859	(1,201)
Profit/(loss) for the year attributable to the Parent		(6,668)	(284,009)
Non-controlling interests	13.3	131,194	120,261
Non-current liabilities		**2,601,970**	**1,907,553**
Corporate bonds	14	1,943,222	1,521,952
Bank borrowings	15	40,423	52,122
Other non-trade payables	16	42,932	31,971
Provisions	17	14,735	12,094
Finance lease liabilities	20	254,061	-
Deferred tax liabilities	18.4	306,597	289,414
Current liabilities		**368,912**	**266,469**
Corporate bonds	14	3,172	2,949
Bank borrowings	15	51,366	33,938
Trade payables		40,066	42,761
Other non-trade payables	16	196,204	173,757
Finance lease liabilities	20	60,200	-
Current income tax payable	18.2	17,904	13,064
Total equity and liabilities		**3,613,564**	**2,840,779**

Cirsa Enterprises Group
Consolidated statements of comprehensive income for the years ended December 31

(Thousands of euros)	Notes	2019	2018
CONTINUING OPERATIONS			
Income from gaming activities		1,971,912	1,824,138
Other operating income		151,949	142,923
Bingo prizes		(234,811)	(226,869)
Total operating income		**1,889,050**	**1,740,192**
Variable rent		(274,490)	(271,068)
Total operating income net of variable rent	**3.1**	**1,614,560**	**1,469,124**
Cost of sales		(68,134)	(71,276)
Employee benefits expense	21.1	(267,898)	(281,850)
Utilities and external services	21.2	(235,474)	(276,669)
Gaming taxes and other similar taxes		(570,360)	(511,044)
Charge to depreciation and amortization and impairment of assets	6, 7 & 20	(297,828)	(192,338)
Change in operating provisions		(3,843)	(3,249)
Finance income		1,943	2,249
Finance costs		(148,998)	(136,470)
Finance lease expenses		(16,966)	-
Change in financial provisions		929	3
Gains/(losses) on investments in associates	8	4,322	4,578
Exchange gains / (losses), net	21.3	(366)	(11,513)
Gains/(losses) on disposal/derecognition of non-current assets		14,399	8,488
Profit before tax		**26,286**	**33**
Income tax	18.2	(14,706)	(28,378)
Net profit/(loss) for the year from continuing operations		**11,580**	**(28,345)**
DISCONTINUED OPERATIONS			
Net profit/(loss) for the year from discontinued operations	19	-	(240,366)
Net profit/(loss) for the year		**11,580**	**(268,711)**
Profit/(loss) for the year attributable to non-controlling interests	13.3	18,248	15,298
Profit/(loss) for the year attributable to the Parent		**(6,668)**	**(284,009)**

Cirsa Enterprises Group
Consolidated statements of comprehensive income for the years ended December 31

(Thousands of euros)	Notes	2019	2018
Net profit/(loss) for the year		**11,580**	**(268,711)**
Currency translation differences		4,430	(1,201)
Tax effect		-	-
Total other comprehensive income that will be reclassified to profit or loss in subsequent years		**4,430**	**(1,201)**
Total other comprehensive income that will not be reclassified to profit or loss in subsequent years		-	**-**
Total other comprehensive income for the year, net of tax		**16,010**	**(269,912)**
Comprehensive income attributable to:			
Parent Company		(2,608)	(285,210)
Non-controlling interests		18,618	15,298
Total other comprehensive income for the year, net of tax		**16,010**	**(269,912)**

Cirsa Enterprises Group
Consolidated statements of changes in equity for the years ended December 31

(Thousands of euros)	Issued capital (Note 13.1)	Share premium	Treasury shares	Profit for the year and Retained earnings (Note 13.2)	Currency translation differences	Non-controlling interests (Note 13.3)	Total
At December 31, 2017	**24,577**	**9,500**	**(184)**	**105,002**	**(362,632)**	**236,679**	**12,942**
Net profit/(loss) for the year 2018 (including effect of sale of Argentinean companies)	-	-	-	(284,009)	391,735	(92,660)	15,066
Other comprehensive income	-	-	-	-	(1,201)	-	(1,201)
Total 2018 comprehensive income	**24,577**	**9,500**	**(184)**	**(179,007)**	**27,902**	**144,019**	**26,807**
Other movements:							
Contribution by the Sole Shareholder, net of the purchase and sale transaction of the Cirsa Group	46,086	626,440	184	20,101	(29,103)	2,484	666,192
Dividends paid	-	-	-	-	-	(26,242)	(26,242)
At December 31, 2018	**70,663**	**635,940**	**-**	**(158,906)**	**(1,201)**	**120,261**	**666,757**
Net profit/(loss) for the year 2019	-	-	-	(6,668)	-	18,248	11,580
Other comprehensive income	-	-	-	-	4,060	370	4,430
Total 2018 comprehensive income	-	-	-	**(6,668)**	**4,060**	**18,618**	**16,010**
Other movements:							
Dividends paid	-	-	-	-	-	(10,783)	(10,783)
Other movements	-	(550)	-	(31,850)	-	3,098	(29,302)
At December 31, 2019	**70,663**	**635,390**	**-**	**(197,424)**	**2,859**	**131,194**	**642,682**

Cirsa Enterprises Group
Consolidated cash flow statements for the years ended December 31

(Thousands of euros)	Notes	2019	2018
Cash flows from operating activities			
Profit/(loss) for the year before tax		26,286	33
Adjustments to profit/(loss) due to:			
Change in operating provisions		3,843	2,506
Depreciation and amortization and impairment losses on non-current assets	5, 6 & 7	297,828	193,082
Gains/(loss) on disposals/derecognition of non-current assets		(14,399)	(8,487)
Finance income (costs)		158,770	129,640
Exchange gains / (losses), net	21.3	366	11,513
Other		3,721	14,406
Change in:			
Inventories		(1,799)	(2,007)
Trade and other receivables		4,836	3,759
Suppliers and other accounts payable		(10,228)	6,428
Gaming taxes payable		(8,539)	(4,991)
Other operating assets and liabilities, net		(14,216)	2,444
Income tax paid		(68,835)	(23,995)
Net cash from continuing operations		**377,634**	**324,330**
Net cash from discontinued operations	**19**	**-**	**21,419**
Net cash from operating activities		**377,634**	**345,750**
Cash flows from/(used in) investing activities			
Acquisition of property, plant, and equipment		(108,405)	(107,684)
Acquisition of intangible assets		(44,946)	(52,504)
Proceeds from disposal of property, plant and equipment		7,109	29,354
Acquisition of investments in other companies		(395,446)	(55,058)
Other financial investments		(28,104)	(14,480)
Interest received and income from financial investments		1,943	2,280
Net cash used in investing activities from continuing operations		**(567,849)**	**(198,092)**
Net cash used in investing activities from discontinued operations	**19**	**-**	**(28,942)**
Net cash used in investing activities		**(567,849)**	**(227,034)**
Cash flows from/(used in) financing activities			
Cash inflows from bank loans		1,466,735	1,450,220
Cancelation of bank loans		(1,462,907)	(1,470,600)
Bond issues		880,000	-
Cancelation of bonds		(480,075)	(977,600)
Contribution by the Sole Shareholder, net of the purchase and sale transaction of the Cirsa Group and new bond issue		-	948,664
Lease liability principal payments	20	(58,384)	(400)
Interest paid		(137,400)	(92,743)
Dividends paid and other payments		(11,069)	(25,344)
Net cash from /(used in) financing activities from continuing operations		**196,900**	**(167,803)**
Net cash used in financing activities from discontinued operations	**19**	**-**	**(7,449)**
Net cash from/(used in) financing activities		**196,900**	**(175,252)**
Net increase/(decrease) in cash and cash equivalents		**6,685**	**(56,536)**
Net effect of exchange gains/(losses) on cash		**792**	**(3,459)**
Cash and cash equivalents at January 1		**152,192**	**212,189**
Cash and cash equivalents at December 31, from continuing operations		**159,669**	**152,192**

1. GROUP INFORMATION

1.1 Group activity

Cirsa Enterprises, S.L. (hereinafter *the Company or the Parent Company*) and its subsidiaries (hereinafter *the Group or the Cirsa Group*) consist of a set of companies operating in the gaming and leisure sector, carrying out the following activities:

- the design, manufacture and marketing of slot machines that are sold to both group companies and third parties, and the development of interactive gaming mechanisms and systems.

- Operation of slot machines, bingo halls and casinos, in both Spain and abroad.

Until December 31, 2017 the Cirsa Group parent company was Cirsa Gaming Corporation, S.A. On July 3, 2018 the company Cirsa Enterprises, S.L. acquired 100% of the shares of Cirsa Gaming Corporation, S.A. from the former shareholders. Cirsa Enterprises, S.L. formerly LHMC Bidco, S.L. was incorporated on November 15, 2017. Information about this transaction is provided in Note 4.3.

Therefore, the new consolidatable group was born on July 3, 2018 with the inclusion of the Cirsa Gaming Corporation, S.A. subgroup and the bond-issuing company, Cirsa Finance International, S.a.r.l., which was incorporated on May 22, 2018. As indicated in sections 1.2 and 2.1, the consolidated financial statements of the Cirsa Group will be prepared under International Financial Reporting Standards by its ultimate parent company in Luxembourg, LHMC Topco, S.a.r.l. They will be translated and filed with the Mercantile Registry in due time and form. Consequently, the Company meets the criteria for exemption from preparing consolidated financial statements under article 43 of the Commercial Code.

As a result of the foregoing, the accompanying consolidated financial statements cannot be considered consolidated financial statements under Spanish GAAP, but special-purpose consolidated financial statements, whose purpose and basis of presentation are disclosed in section 2.1 below. Although these consolidated financial statements have been prepared on a voluntary basis, they have been authorized for issue by the Board of Directors as if it were a legal requirement.

The 2019 financial statements of the companies comprising the Group have yet to be approved by the corresponding General Meetings of Shareholders or Owners. However, the Board of Directors of the Group Parent expect that the aforementioned financial statements will be approved without significant modification and, therefore, they will have no impact on the special-purpose consolidated financial statements.

1.2 Group structure

The Parent Company, which is domiciled in Madrid, at Calle Fermina Sevillano, 5-7, is a subsidiary of its Sole Shareholder LHMC Midco, S.a.r.l., which is in turn a subsidiary of LHMC, Topco, S.a.r.l. (both domiciled in Luxembourg, at Rue Eugène Ruppert, 2-4). The fund that holds the shares of the new Cirsa Enterprises Group is ultimately controlled by The Blackstone Group.

The details of the Company's subsidiaries at December 31, 2019 and 2018 are shown on Appendix I, classified into the following categories:

- Subsidiaries: Subsidiaries are companies controlled either directly or indirectly by the Company so that it can manage the financial and operating policies in order to obtain profit from the investment.

- Joint ventures: The jointly controlled companies are entities ruled by a contractual arrangement between the partners whereby they establish joint control on the business, and which requires the unanimous consent of the venturers regarding the operating decisions.

- Associates: The associates are enterprises not included in the previous two categories and in which there is an ownership interest on a long-term basis that favors their activity, but with limited influence over their management and control.

(NOTA: The 'Ownership percentage' column in Appendix I is obtained by multiplying the successive percentages over the ownership chain and, therefore, shows the final ownership at Company level).

1.3 Changes in the scope of consolidation

The changes in the scope of consolidation are summarized as follows:

2019

- Acquisition of companies

(Thousands of euros)	% voting rights	Consolidation method	Total Assets in the consolidated statement of financial position at December 31, 2019	Operating revenue in the 2019 consolidated statement of comprehensive income
First Game, S.L.U.	100%	Full	782	758
Fomento Advenio 1, S.A. DE C.V. (*)	100%	Full	10,836	663
Palabingo, S.R.L.	56%	Full	3,641	4,059
Recreativos Sortia, S.L.U.	100%	Full	1,069	1,450
Redeye Games, S.L.U.	100%	Full	1,079	1,313
Subgrupo Giga Games (**)	100%	Full	302,740	66,147
			320,147	**74,390**

(*) Fomento Advenio 1, S.A. de C.V. is the owner of Casino Central, a 7 casino hall business in Mexico.

(**) On July 31 the Giga Games subgroup was acquired as a result of gaining control of 100% of the company Giga Games System Operation, S.L., the parent of the subgroup, which includes 30 other companies.

All acquisitions shown in the table above have given rise to a business combination.

The information on the business combinations carried out during the year is shown in Note 4.

- Incorporation of companies

During the current year the company Sportium Servicios de Gestión, S.L.U. was incorporated. Its activity consists in the provision of corporate services to the Sportium subgroup companies. The assets and revenue of this company at December 31, 2019 are not material.

- Sale of companies resulting in loss of control

During the current year, the following companies have been sold resulting in a loss of control and/or significant influence on their businesses:

	Ownership % at prior year end	Consolidation method at prior year end	Ownership % after the sale	Consolidation method after the sale
Ferrojuegos, S.A.	100%	Full	-	-
Metroservi Andaluza de Salones, S.L.	25%	Equity	-	-

The gains/(losses) that said sales have generated in the consolidated financial statements are not material, nor have they generated any change in non-controlling interests.

- Changes in the consolidation method

The changes in the ownership percentage during 2019 are as follows:

	Consolidation method		Percentage	
	2019	2018	At December 31, 2019	At December 31, 2018
Sportium subgroup	Full	Equity	100%	50%

In October 2019 the group company Cirsa Slot Corporation, S.A. Acquired the remaining 50% of Sportium Apuestas Deportivas, S.A., gaining effective control of the Sportium subgroup. Consequently, at December 31, 2019 the Sportium subgroup has been integrated into the consolidated financial statements using the full consolidation method. The gaining of control of 100% of Sportium has given rise to a business combination. Its effects are shown in Note 4.

- Changes in the ownership percentage

The changes in the ownership percentage during 2019 are as follows:

	Consolidation method		Percentage	
	2019	2018	At December 31, 2019	At December 31, 2018
Apuestas Electrónicas, S.L.U.	Full	Full	75.5%	51.0%
Comdibal 2000, S. L.	Full	Full	75.5%	51.0%
Comercial de Recreativos Salamanca, S.A.U.	Full	Full	75.5%	51.0%
Egartronic, S.A.	Full	Full	75.5%	51.0%
Iber Matic Games, S.L.	Full	Full	75.5%	51.0%
Interplay, S.A.U.	Full	Full	75.5%	51.0%
Juegos Del Oeste, S.L.U.	Full	Full	75.5%	51.0%
Montri, S.A.U.	Full	Full	75.5%	51.0%
S.A. Explotadora de Recreativos	Full	Full	90.0%	61.4%
Servi-Joc, S.A.	Full	Full	85.0%	51.0%
Tecnijoc, S.L.U.	Full	Full	75.5%	51.0%
Tecnoappel, S.L.	Full	Full	75.5%	51.0%
Yumbo San Fernando, S.A.	Full	Full	100.0%	60.0%

The changes in the table above correspond to several acquisition of additional ownership interests. However, the consolidation method has not changed since the full consolidation method was already used in the prior year.

- Other changes in equity

In 2019, the following companies have been dissolved or wound up:

	At December 31, 2018		
(thousands of euros)	% held by the Group	Consolidation method	Total Assets in the consolidated statement of financial position
Bingaser, A.I.E.	100%	Full	28
Gironina de Bingos, S.L.	21%	Equity	223
Losimai, S.A.U.	100%	Full	508
Red de Bingos Andaluces, A.I.E.	54%	Full	29
Red de Juegos y Apuestas de Madrid, S.A.	40%	Equity	23
Servicios Integrales del Juego, A.I.E.	100%	Full	108

Said transactions have not generated significant results for the Group.

Additionally, the following changes in the scope due to mergers between group companies have occurred, without affecting the consolidated figures.

Acquired Group company	Acquiring Group company
Cirsa+, S.R.L.	Cirsagest, S.P.A.U.
Elettronolo Firenze, S.R.L.U.	Cirsagest, S.P.A.U.
Inmobiliaria Rapid, S.A.C.	Gaming and Services, S.A.C.
Salón de Juegos Portal, S.A.U.	Gaming and Services, S.A.C.
Sierra Machines, S.A.C.	Gaming and Services, S.A.C.
Casino El Cacique, S.A.U.	Grupo Cirsa De Costa Rica, S.A.U.
Casinos Pájaro Trueno, S.A.U.	Grupo Cirsa De Costa Rica, S.A.U.
Cirsa Estrellas del Caribe, S.A.U.	Grupo Cirsa De Costa Rica, S.A.U.
Cirsa Gran Entretenimiento De Costa Rica, S.A.U.	Grupo Cirsa De Costa Rica, S.A.U.
Operación Banshai, S.A.U.	Grupo Cirsa De Costa Rica, S.A.U.
Patterson Lake Business Services, S.A.U.	Grupo Cirsa De Costa Rica, S.A.U.
Recreativos Miami, S.A.U.	Unión de Operadores Reunidos, S.A.

Finally, several changes to the corporate names of group companies have been made: Italtronic, S.r.l. is now Cirsa Retail, S.r.l. and Cirsa Digital, S.A. is now Sportium Apuestas Digital, S.A.

2018

- Acquisition of companies (excluding the transaction disclosed in Note 4.3)

(Thousands of euros)	% voting rights	Consolidation method	Total Assets in the consolidated statement of financial position at December 31, 2018	Operating revenue in the 2018 consolidated statement of comprehensive income
SGB 2 SRLU (*)	100%	Full	-	-
Casinos del Caribe, S.R.L. (**)	100%	Full	14,868	1,261
Acquisitions of Nortia Group companies (***)				
Unión de Operadores Reunidos, S.A. (****)	50%	Equity	16,146	-
Societé du Casino Le Mirage, S.A.	51%	Full	2,339	2,239
Felix Jimenez Morante, S.A.	50%	Equity	827	-
Recreativos Oropesa, S.L.U.	50%	Equity	62	-
Talluntxe, S.A.U.	100%	Full	1,783	1,973
			36,025	**5,473**

(*) The company SGB2 was acquired in January 2018 by the group company Cirsagest, S.p.a. During October 2018 it merged with said company. Consequently, total assets and operating income contributed to the consolidated group is included in the financial statements of Cirsagest.

(**) At the date of gaining control, Casinos del Caribe, S.R.L. wholly owned the company Merengue Bar Gran Casino Jaragua, G.C.J, S.R.L.U.

(***) Companies acquired from the Nortia Group during 2018, in addition to the Cirsa subgroup as a result of the purchase and sale transaction carried out on July 3, 2018.

(****) At the date of gaining control Unión de Operadores Reunidos, S.A. wholly owned the company Recreativos Miami, S.A.U.

All acquisitions shown in the table above have given rise to a business combination. Additionally, another business combination has been carried out in Mexico, which has been integrated into the financial statements of Promociones e Inversiones de Guerrero, S.A.P.I de C.V., whereby a gambling hall was acquired, agreeing to the purchase of fixed assets (slot machines) and intangible assets (exclusive rights over the activity and portfolio of customers) for an overall amount of 16,306 thousand euros.

The information on the business combinations carried out during the year is shown in Note 4.

- Incorporation of companies

During 2018 the following companies have been incorporated:

(Thousands of euros)	% held by the Group	Consolidation method	Total Assets in the consolidated statement of financial position at December 31, 2018	Operating revenue in the 2018 consolidated statement of comprehensive income
Cirsa Finance International, S.A.R.L.U.	100%	Full	75	-
Cirsa International Business Corporation, S.L.U	100%	Full	3,360	62
Nortia Real State Colombia, S.L.U	100%	Full	-	-
Unidesa Operations Services, S.L.U.	100%	Full	-	-
Sportium Global Investments, SGI, S.A.	60%	Equity	-	-
			3,435	**62**

The information on the percentages of voting rights, consolidation methods and other information on the companies above is shown in Appendix I.

- Sale of companies resulting in loss of control

During the current year, the following companies have been sold resulting in a loss of control and/or significant influence on their businesses:

	Ownership % at prior year end	Consolidation method at prior year end	Ownership % after the sale	Consolidation method after the sale
Recreativos Trece, S.L.	50%	Equity	-	-
Disposals of Nortia Group companies (*)				
Complejo Hotelero Monte Picayo, S.A.U.	100%	Full	-	-
Jesali, S.A.U.	100%	Full	-	-
Casino de Asturias, S.A.	40%	Equity	-	-
Gestión del Juego Integral, S.A.U.	100%	Full	-	-
Cirsa Panamá, S.A.U.	100%	Full	-	-
Silver Cup Gaming, Inc.	50%	Equity	-	-
Las Perlas Beach Resort, Co	17%	Equity	-	-
Cirsa Venezuela, C.A.U.	100%	Full	-	-
Cirsa Caribe, C.A.	70%	Full	-	-
Cirsaecuador, S.A.U.	100%	Full	-	-
Ariv, S.A (ARG)	50%	Equity	-	-
Casino Buenos Aires, S.A. (ARG)	100%	Full	-	-
CBA-CIESA, UTE	50%	Proportional	-	-
Casino Rosario (ARG)	50%	Full	-	-
Ivisa- Casino Buenos Aires, U.T.E. (ARG)	100%	Full	-	-
Traylon, S.A. (ARG)	55%	Full	-	-
Magic Star, S.A. (ARG)	50%	Proportional	-	-
Sobreaguas, S.A. (ARG)	100%	Full	-	-
Alavera, S.A. (ARG)	50%	Equity	-	-
Emjucasa, S.A. (ARG)	50%	Equity	-	-
Binbaires, S.A. (ARG)	33%	Equity	-	-
Bingames, S.A.U.	100%	Full	-	-
Cirsa International Gaming Corporation, S.A.U.	100%	Full	-	-

(*) Companies sold to the Nortia Group during 2018, as a result of the purchase and sale transaction carried out on July 3, 2018.

The results from these sales in the consolidated financial statements are detailed in the following table:

(Thousands of euros)	Change in non-controlling interests	Results from the sale
Recreativos Trece, S.L.	-	(286)
Companies sold to Grupo Nortia Business Corporation, S.L.	(107,958)	(240,366)
	(107,958)	**(240,652)**

The impact of the disposal of the group of companies of which Cirsa Gaming Corporation, S.A. was the parent to Grupo Nortia Business Corporation, S.A. after the sale includes the change in non-controlling interests and the results from the sale, that is, the year-on-year results of the companies sold plus the results from the sale of said companies.

- Change in the ownership percentage or consolidation methods

The changes in the ownership percentage or consolidation method during 2018 are as follows:

	Consolidation method		Consolidation method	
(Thousands of euros)	2018	2017	2018	2017
New York Games, S.L.U.	Full	Full	100%	50%
Cirsa +, S.R.L.	Full	Full	100%	51%

The changes in the table above correspond to the acquisition of ownership interests in said companies until reaching 100%. However, the consolidation method has not changed since the full consolidation method was already used in the prior year.

- Other changes in equity

During the current year Global Manufacturing Corporation, S.A., Sternal Bay Venezuela, C.A. and Cirsa Funding Luxembourg, S.A. were dissolved and wound up. The first two companies were dormant or showed low activity and their dissolution and wind-up have generate no significant results for the Group. The third company was the holding of the previously issued bonds, which have been early repaid during the current year.

Additionally, during the current year, the company Cirsagest, SPAU has taken over the company SGB 2 SRLU, which has also become a Cirsa group company during the current year (see section *Acquisition of companies*). Logically, this take-over transaction has had no impact on the Group's consolidated financial statements.

Additionally, in 2017 there were changes in the corporate names of several companies that belonged to the Group; Madrileña de Servicios para Bingo, S.L. became International Mex Business, S.L., Global Gaming became Global Real State SAS and, lastly, Caballo 5, S.L. became Sant Cugat Desarrollos de Tecnologías, S.L.

2. BASIS OF PRESENTATION AND ACCOUNTING STANDARDS

2.1 Basis of presentation of the special-purpose financial statements

The Group prepares consolidated financial statements in accordance with the International Financial Reporting Standards adopted by the European (IFRS-EU) Union published by the International Accounting Standards Board (IASB) and further interpretations. At the date these consolidated financial statements were authorized for issue, the consolidated financial statements of the Cirsa Group in Luxembourg had not yet been prepared by LHMC Topco, S.a.r.l.

Except for that indicated below and Notes 2.1.1 and 2.1.2, the accounting policies used in the preparation of these special-purpose consolidated financial statements meet every prevailing standard at the date they were authorized for issue. The International Financial Reporting Standards as adopted by the European Union establish application alternatives in some cases. The options applied by the Group are described in the several accounting policies detailed in these Notes.

The special-purpose consolidated financial statements have been prepared in order to present information on the consolidated financial position and results of the Cirsa Group's gaming business for a whole financial year, and for comparative purposes, to present fair and useful information to the users of the special-purpose consolidated financial statements, mainly, the holders of the bonds issued by the Group in Luxembourg. In this regard, certain premises are included herein, which are indicated in the subnotes below, that do not agree with the International Financial Reporting Standards as adopted by the European Union, only in relation to said additional premises.

Specifically, although the Group the parent of which is Cirsa Enterprises, S.L. was born on July 3, 2018 as a result of the acquisition of the Cirsa Gaming Corporation, S.A. subgroup, the 2019 consolidated financial statements show the 12-month comparative figures for the year 2018 of the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes there to for comparative purposes.

This matter is described in greater detail in Notes 2.1.1 and 2.1.2 below.

2.1.1 Premises used in the preparation of the special-purpose consolidated financial statements

The adjustments introduced by the Group's Finance Management to prepare the accompanying consolidated financial statements are summarized as follows:

- The 2018 financial information presented for comparative purposes has been prepared from Cirsa Gaming Corporation, S.A. and Subsidiaries for the first six months of the current year, and from then on includes the effects of the business combination that Cirsa Enterprises, S.L. (the acquiring company) carried out on the Cirsa Group, as well as the integration of the new financial debt (and finance cost) related to the corporate bonds issued by Cirsa Finance International, S.a.r.l. in 2018. Consequently, the special-purpose consolidated financial statements include a consolidated statement of comprehensive income, a consolidated statement of changes in equity and a consolidated cash flow statement with comparative figures for a 12-month period, instead of those corresponding to the period of almost 6 months that would be presented considering that the parent company, Cirsa Enterprises, S.L., acquired the shares of the Cirsa Gaming Corporation Group and gained control over it on July 3, 2018.

- Both the statement of changes in equity and the cash flow statement include a line called 'Contribution by the Sole Shareholder, net of the purchase and sale transaction of the Cirsa Group and the new bond issue' for the effect on the Cirsa Group's equity and cash of the capital increase, the issue of new corporate bonds and the (paid) purchase and sale transaction of the Group.

- The income statement of the gaming business in Argentina was discontinued as a result of the purchase and sale transaction described in Note 1, since the companies included in said scope were transferred to Nortia Business Corporation, S.L., and classified in the 2018 income statement as 'Discontinued operations'.

The business combination for the purchase of Cirsa Gaming Corporation, S.A. by Cirsa Enterprises, S.L. and its accounting effects (in relation to the aforementioned consolidation adjustments and those derived from the application of the 'Purchase Price Allocation' of IFRS 13 *Business Combinations*) remained at the date of acquisition (July 3, 2018).

2.1.2 Other basis of presentation of the special-purpose consolidated statement of financial position

- Information to be disclosed in the Notes

The International Financial Reporting Standards as adopted by the European Union require that the presentation of the Notes help the users understand the financial statements and compare them with those presented by other entities. For this purpose, the information disclosed in these Notes has been considered appropriate and sufficient, and therefore, it was not deemed relevant to include any other disclosures required by Spanish legislation but not required by the International Financial Reporting Standards.

- Comparative information

Under International Financial Reporting Standards as approved by the European Union a new consolidatable group should present comparative information for the period of almost 6 months between the date of acquisition of Cirsa Gaming Corporation, S.A. and the 2018 year end. As mentioned above, and since this information is necessary for the users of these consolidated financial statements, (i.e. the bond holders), 12-month comparative information has been presented for all statements and notes, except for the exemptions indicated in Note 2.1.1 above.

Except for the aforementioned premises and those indicated in Note 2.1.1, the accounting principles and criteria used in the measurement and presentation of the assets and liabilities of the Cirsa Enterprises Group at December 31, 2019 agree with the principles and criteria set forth in the International Financial Reporting Standards as adopted by the European Union. In any case, due to the aforementioned exceptions, the financial statements are not presented in accordance with Financial Reporting Standards as adopted by the European Union but with the specific accounting bases described in Note 2.

2.2 Estimates and judgments

The preparation of the consolidated financial statements requires Group Management to exercise judgment and to make estimates and assumptions that affect the application of the accounting policies and the recorded assets, liabilities, income and expenses. The estimates and assumptions taken into account have been based upon historical experience and other factors which were considered to be reasonable in the light of the circumstances. Consequently, the results obtained could differ from those assumptions

The estimates and assumptions are continuously reviewed. Any changes to accounting estimates are recognized in the period they are made if they apply solely to that period, or for that period and subsequent periods if they affect both. The key estimates and judgments are as follows:

- Business combinations and goodwill

The Group assesses for each business combination, the fair value of assets, liabilities and acquired contingent liabilities, allocating the cost of the business combination to the identified elements. Likewise, goodwill arising from the acquisition is assigned to its corresponding cash-generating unit, based on expected synergies, for subsequent impairment tests (Notes 4 and 10).

- Impairment of assets

The Group assesses for impairment at year end for all non-financial assets which carrying amount could be unrecoverable. Goodwill and intangible assets with an indefinite useful life are tested for impairment annually, or when there is evidence of impairment, based on financial projections and estimates of future operating cash flows. During 2019 and 2018 the Group has not recorded any impairment losses on goodwill, whereas it has recognized impairment on intangible assets in 2019 amounting to 8,000 thousand euros (Note 10).

- Useful life of non-current assets with finite lives.

The Group regularly reviews the useful lives of its items of property, plant and equipment and intangible assets. If its estimates of useful life are changed, it prospectively adjusts allocations to depreciation or amortization. During the years 2019 and 2018 it was not necessary to readjust the useful life of any non-current asset with finite life.

- Recoverability of deferred tax assets

When the Group, or any of the companies included in it, recognizes deferred tax assets, the estimated taxable profits that will be generated in future years are reviewed at year end in order to assess their recoverability, and any impairment loss is recognized accordingly. At December 31, 2019 the Group has recorded deferred tax assets amounting to 61,337 thousand euros (45,580 thousand euros at December 31, 2018), as indicated in Note 18.4.

- Provision for taxes and other risks

Provisions are recognized for taxes and risks that will probably arise based on related studies carried out regarding the likelihood that these risks may occur, and the amounts they would entail, recognizing a provision when they are assessed as probable. At December 31, 2019 the Group has recorded provisions for taxes and other risks amounting to 14,735 thousand euros (12,094 thousand euros at December 31, 2018), as detailed in Note 17.

- Consolidation methods

The assessment of whether control is exercised when the Group does not have absolute majority of voting rights, but agreements with the other shareholders have been reached, requires the Group to make estimates and judgments to determine whether it has unilateral rights to manage relevant activities in accordance with IFRS 10. Additionally, in order to establish the consolidation method of certain entities over which control is not exercised also requires Group Management to make judgments and estimates to determine whether they are considered jointly controlled companies, joint operations or associates.

2.3 Standards and interpretations approved by the European Union applied for the first time in 2018

The accounting policies used in the preparation of these special-purpose consolidated financial statements comprise all applicable standards at the beginning of the period, including those that came into force in the current year:

IFRS 16 – Leases

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC 15 *Operating leases - Incentives* and SIC 27 *Evaluating the Substance of Transactions in the Legal Form of a Lease*. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, and requires lessees to record all leases under a single lessee accounting model. On the contrary, this standard does not substantially change the lessor accounting in comparison with IAS 17. Consequently, IFRS 16 has had no significant impact on the leases in which the Group acts as lessor.

The Group has adopted IFRS 16 with initial application date January 1, 2019 using the modified retrospective approach. Under this method, the cumulative effect of initially applying IFRS 16 has been recorded as an adjustment to the opening balance of right-of-use assets and finance lease liabilities. The comparative figures for the prior year have not been restated.

For transition purposes, at initial application date, the Group has chosen the practical expedient of applying IFRS 16 only to the leases that were already identified as such in accordance with the old standards (IAS 17 and IFRIC 4). The impact of the adoption of IFRS 16 is as follows:

Impact on the statement of financial position (increase/decrease) at January 1, 2019:

(thousands of euros)	Balance at 12/31/2018	Impact of IFRS 16	Balance at 1/1/2019
Non-current assets	2,533,233	268,047	2,801,280
Current assets	307,546		307,546
TOTAL ASSETS	**2,840,779**	**268,047**	**3,108,826**
Equity	(666,757)	-	(666,757)
Non-current liabilities	(1,907,553)	(229,716)	(2,137,269)
Current liabilities	(266,469)	(38,331)	(304,800)
TOTAL EQUITY AND LIABILITIES	**(2,840,779)**	**(268,047)**	**(3,108,826)**

In addition to the lease liabilities recorded at initial application, January 1, 2019, the Group held lease liabilities amounting to 1,381 thousand euros corresponding to lease liabilities previously classified as finance leases.

Nature of the impact of IFRS 16

The Group acts as the lessee of several plants, machinery, vehicles and other equipment. Prior to the adoption of IFRS 16, at the commencement of these arrangements the Group assessed whether they were operating or finance leases. The lease was classified as a finance lease if all the risks and rewards incidental to ownership of the asset were transferred. Otherwise, it was classified as an operating lease.

In finance leases a fixed asset at the fair value of the item was recorded, or if lower, at the present value of the minimum payments of the arrangement. The financial liability was subsequently recorded at amortized cost.

In operating leases, no asset was recorded in the balance sheet, but expensed in the income statement on a straight-line basis over the duration of the arrangement. Any advanced payment or accrued rent was recorded as a prepaid expense or an account payable, respectively.

On the contrary, as a result of the adoption of IFRS 16, the Group applies a single recognition and measurement model for all leases in which it acts as the lessee, except for leases of low-value assets and short-term leases.

The standard determines the practical expedients and transition requirements that have been applied by the Group:

Leases previously classified as finance leases

The Group has not modified the carrying amend of the lease assets and liabilities recognized at the date of initial application that had been previously classified as finance leases. That is, right-of-use assets and lease liabilities are the same as the lease assets and liabilities recognized under IAS 17. Therefore, the IFRS 16 requirements for this type of leases will be applied as from January 1, 2019.

Leases previously classified as operating leases

The Group has recognized the right-of-use assets and lease liabilities for the leases previously classified as operating leases, except for short-term leases and leases of low-value assets.

The lease liabilities have been calculated at the present value of outstanding payments, using the incremental interest rate at the date of initial application. For all leases, right-of-use assets have been calculated at the same amount as lease liabilities.

The Group has also applied the following available practical expedients:

- Applying the same discount rate for a portfolio of arrangements with similar characteristics. In this regard, An incremental borrowing rate has been applied by homogeneous portfolio of leases, country and lease term. Incremental interest rates at the date of initial application have been around 2% in Spain and Italy, and between 4% and 13% in Latin America.
- Using the assessment of onerous contracts of IAS 37 instead of reviewing impairment at the date of initial application.
- In order to determine the lease term as the non-cancelable period of the lease the Group has considered the initial term of each lease, considering that it is not reasonably certain whether the unilateral option to extend or terminate the lease, if any, will be exercised.
- Considering as short-term leases those that end within 12 months or less since the date of initial application.
- Using updated information.
- Not including incremental direct costs in the measurement of the right-of-use asset.

As for presentation, right-of-use assets and lease liabilities have been presented separately from other assets and liabilities in the statement of financial position.

The impact of the IFRS 16 implementation on profit/(loss) before tax for the year 2019 is as follows:

(Thousands of euros)	2019
Capitalization of operating leases	58,384
Depreciation of right-of-use assets	(47,405)
Profit/(loss) from derecognition of assets	(641)
Finance costs from the discount of borrowings from right-of-use assets	(16,966)
Impact of IFRS 16 implementation on Profit/(Loss) before tax for the year 2019	**(6,628)**

IFRIC 23 *Uncertainty over income tax treatments*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following aspects:

- whether an entity considers uncertain tax treatments separately.
- the assumptions an entity makes about the examination of tax

  treatments by taxation authorities.
- how an entity determines taxable profit (tax loss), tax bases, unused tax

  losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

an entity shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty.

Neither the Group nor its subsidiaries have uncertain tax treatments whose acceptance by the tax authorities is considered not probable. This interpretation has had no significant effect on the Group's consolidated financial statements.

Annual improvements to IFRS – 2015-2017 Cycle

The IASB has made the following amendments to the standards:

IFRS 3 Business combinations – Previously held interest in a joint operation

The amendments to IFRS 3 clarify that when an entity obtains control of a business that previously was a joint operation, it shall apply the requirements for business combinations achieved in stages, remeasuring previously held interests in the assets and liabilities of the joint operation at the fair value. This amendment has had no significant impact on the consolidated financial statements.

IAS 12 Income Tax – Consequences of Payments on Instruments Classified as Equity

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. This amendment has had no significant impact on the consolidated financial statements.

IAS 23 Borrowings costs – Borrowing costs eligible for capitalization

The amendments clarify that an entity considers as part of its borrowing costs any borrowing cost originally incurred for the purpose of obtaining a qualifying asset when substantially all the activities necessary to prepare that asset for its intended use or sale are complete. This amendment has had no significant impact on the consolidated financial statements.

2.4 Standards and interpretations published by the IASB, but not applicable in the current year

The Group intends to adopt the standards, interpretations and amendments issued by the IASB, whose application is not mandatory in the European Union as at the date of authorizing the accompanying special-purpose consolidated financial statements for issue, when they are effective, to the extent applicable to the Group.

IFRS 17 *Insurance contracts*

In May 2017 the IASB issued IFRS 17 *Insurance contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts among insurance companies. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general approach, supplemented by:

- A specific adaptation for all contracts with direct participation features (variable fee approach).
- A simplified approach (premium allocation approach) mainly for contracts with shorter duration.

IFRS 17 is effective for periods beginning on January 1, 2022 (taking into account the delay in its coming into effect) or after. and comparative figures must be included. Early application is permitted for entities that apply IFRS 9 and IFRS 15 on or before the date of initial application of IFRS 17. This standard is not applicable to the Group.

Revised version of the Conceptual Framework for Financial Reporting underpinning IFRS Standards

The Conceptual Framework sets out the fundamental concepts of financial reporting that guide the Board in developing IFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction.

The revised Conceptual Framework includes: a new chapter on measurement; improved definitions and guidance; and clarifications in important areas, such as prudence and measurement of uncertainty. The IASB will start using the revised Conceptual Framework immediately, whereas issuers that develop accounting policies based on the Conceptual Framework will use it from periods beginning on or after January 1, 2020.

Amendments to IFRS 3 *Business combinations*

The IASB has issued amendments to the definition of a business in IFRS 3. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an acquisition of a group of assets. Distinguishing between a business and a group of assets is important because an acquirer recognizes goodwill only when acquiring a business.

The amended definition emphasizes that the output of a business is to provide goods and services to customers, which generate revenue from the investment (such as dividends or interest) or generate other revenue from ordinary activities; whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and other owners, members or beneficiaries.

Companies are required to apply the amended definition of a business to acquisitions that occur on or after January 1, 2020. Earlier application is permitted.

Amendments to IAS 1 and IAS 8 *Definition of Material*

The IASB has issued amendments to its definition of material to make it easier for companies to make materiality judgements. The definition of material helps companies decide whether information should be included in their consolidated financial statements. The amendments clarify the definition of material and how it should be applied. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The Group will assess the contents of its consolidated financial statements in accordance with the amended definition of material, although no significant changes are expected.

2.5 Consolidation methodology

Consolidation methodology is described in the following sections:

Consolidation methods

The methods applied to obtain these consolidated financial statements were as follows:

- Full consolidation method for subsidiaries
- Equity method for associates and jointly controlled companies

Harmonization

The financial year of the companies within the consolidation perimeter ends on December 31. For consolidation purposes the corresponding 2019 financial statements of each company have been used.

The accounting principles applied by the companies comply with Group policies and, accordingly, no harmonization adjustments were necessary.

Elimination of internal transactions

The intercompany balances arising from financial operations, rental agreements, payment of dividends, financial assets and liabilities, purchase and sale of inventories and non-current assets and rendering of services have been eliminated. In regard with purchase and sale transactions, the unrealized margin on assets, as well as depreciation, has been adjusted in order to show the assets at their original cost to the Group.

Translation of financial statements in foreign currency

The financial statements of foreign companies have been translated into euros prior to their consolidation following the year-end rate method. Accordingly, the assets and liabilities are translated at the exchange rate prevailing at December 31, capital and reserves are translated at the historical exchange rate, and income and expenses at the average exchange rate of the year. Differences arisen from this process have been recorded directly under Translation differences in net equity.

2.6 Business combinations

When Group gains control over one constituted business, or directly over a business' net assets, the consideration transferred is assigned to assets, liabilities and contingent liabilities, measured at fair value. The difference between the sum of fair values and the sum of the consideration transferred plus the amount of any non-controlling interest in the acquiree at acquisition date is recognized as goodwill where it is positive or as income in the consolidated statement of comprehensive income where the difference is negative.

The consideration transferred in a business combination is measured at fair value. This is calculated as the sum of the acquisition fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree, and the equity interests issued by the acquirer.

The costs related to the acquisition, such as finder's fees, advice, legal, accounting valuation and other professional or consulting fees, are recognized as expenses in the years when they are incurred and the services are provided.

2.7 Intangible assets

Intangible assets are initially measured at acquisition cost less accumulated amortization and any impairment loss.

Goodwill is not amortized as it is considered to have an indefinite useful life. Instead, it is tested for impairment at least annually as well as intangible assets with indefinite useful lives. Likewise, the net carrying amount of intangible assets having finite useful life is tested for impairment when there is evidence or changes of not recovering the carrying amount, similar to the criteria established for property, plant and equipment.

Research expenses are charged to expenses when incurred, while development costs related to an individual project are capitalized when the Group can demonstrate the technical feasibility and profitability, the availability of financing resources, and incurred costs can be measured reliably. Development expenses to be capitalized, including the cost of materials, personnel expenses directly attributable and a fair proportion of overheads, are amortized using a declining method (50% the first year) over the period for which they expect to obtain profits or income from such project, which generally comprises three years.

Amounts paid to the owners of the sites where the slot machines are located on an exclusivity basis are capitalized as installation rights. They are amortized on a straight-line basis over the contract term.

Administrative concessions are amortized on a straight-line basis, according to the concession term, as well as transfer rights of leased premise.

Software is amortized on a straight-line basis over three years.

2.8 Property, plant and equipment

Property, plant and equipment are measured at acquisition cost less accumulated depreciation and any recognized impairment loss.

The Group assesses whether there is an indication that the net carrying amount of property, plant and equipment may be impaired. If any indication exists, assets or cash-generating units are recorded at their recoverable amount.

Expenses for repairs which do not prolong the useful life of the assets, as well as maintenance expenses, are taken to the income statement in the year incurred. Expenses incurred for expansion or improvements which prolong the useful life of the asset are capitalized. Future expenses for restoring and retirement are recognized, at present value, as a cost component, with a liability provision as counterpart.

Depreciation charges are calculated over the estimated useful lives of the assets. Property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful life. A declining basis is used alternatively for some assets, basically slot machines, since it better follows the actual pattern of income related to these assets.

	Method	Rate
Commercial buildings (new/used) and plant	Straight-line	2-4%
Production installations (new/used)	Straight-line	8-16%
Other installations	Straight-line	8-12%
Production machinery	Straight-line	10%
Other production equipment	Straight-line	20%
New slot machines (“A” and “B” / “V” and “C”)	Declining/Straight line	20%
Used slot machines	Straight-line	40%
Furniture (new/used)	Straight-line	10-20%
Vehicles (new/used)	Declining/Straight line	10-32%
Tools and furniture (new/used)	Straight-line	30-60%
Data processing equipment (new/used)	Declining/Straight line	25-50%
Molds and dices	Straight-line	25%
Other PP&E items	Straight-line	16%

The finite useful life of slot machines is necessarily subject to exogenous factors (mainly market and competence) of difficult forecast. In the event that such equipment completes its useful life before the base period used for depreciation, the net balance of the related good at the removal date is charged as depreciation for the year, given its recurrent and typical features, as well as its corrective nature of systematic depreciation performed on related goods.

2.9 Investments in associates

Investments are accounted for under the proportional consolidation method or the equity method, that is, they are accounted initially at cost and its carrying amount is increased or decreased in order to recognize the part of the result of the invested company attributed to the Group from the acquisition date.

Part of the profit (loss) for the year of the invested company is recorded in the Group consolidated statement of comprehensive income. Dividends received reduce the amount of the investment.

Changes in the invested company’s equity different than those generated by income of the period are directly recorded as changes in the Group’s net equity.

2.10 Financial assets

Financial assets are initially recorded at fair value. For investments not measured at fair value with changes in results, directly attributable transaction costs are added. The Group establishes the classification of financial assets at the initial recognition, and, when appropriate and allowed, the classification is assessed again at each year end.

Loans and receivables

The Group recognizes in this category trade and non-trade receivables, which include financial assets with fixed or determinable payments not quoted on active markets and for which the Group expects to recover the full initial investment, except, where applicable, in cases of credit deterioration.

Following initial recognition, these financial assets are measured at amortized cost.

Nevertheless, trade receivables which mature within less than one year with no contractual interest rate, as well as prepayments and loans to personnel, the amount of which is expected to be recovered in the short term, are carried at nominal value both at initial and subsequent measurement, when the effect of not discounting cash flows is not significant.

2.11 Derecognition of financial assets and liabilities

Financial assets (or, when applicable, part of a financial asset or part of a group of similar financial assets) are derecognized when:

- Rights to related cash flows have expired;
- The Group has retained the right to receive related cash flows, but has assumed the liability of fully paying them within the established terms to a third party under a transfer agreement;
- The Group has transferred the rights to receive related cash flows and (a) has substantially transferred the risks and rewards incidental to the ownership of the financial asset, or (b) has not transferred or retained the asset's risks and rewards, but has transferred the control over the asset.

Financial liabilities are derecognized when the related liability is settled, cancelled or expired. When a financial liability is replaced for other from the same borrower but with substantially different terms, or the conditions of the existing liability are substantially modified, such change or modification is recorded as a disposal of the original liability and an addition of a new liability. Difference of related carrying amounts is recognized in the consolidated statement of comprehensive income.

2.12 Inventories

Inventories are accounted for at the lower of the acquisition cost and the recoverable amount.

The recoverable amount of raw materials is the replacement cost. Nevertheless, no provision is set aside for raw materials and other consumables used in production, if the finished products in which they are to be incorporated will be sold above cost. The recoverable value of finished products corresponds to the estimated sales price less related selling expenses.

The cost value of finished products includes materials measured at the weighted average acquisition price, third-party work, labor and production overhead.

2.13 Cash and cash equivalents

This heading includes cash, current accounts, bank deposits and other financial investments maturing within less than three months from the acquisition date, provided that risks of the substantial alteration of their value are not significant.

In terms of the consolidated statement of cash flows, cash and cash equivalents include the abovementioned concepts, net of bank overdrafts, if applicable.

2.14 Impairment of assets

Non-financial assets

The Group assesses at each year end whether there is an indication that a non-current asset may be impaired. If any indication exists, and when an annual impairment test is required, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of the cash-generating unit (CGU) fair value less cost to sell and value in use, and it is established for each separate asset, unless for assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and its carrying amount is reduced to the recoverable amount. To assess value in use, expected cash flows are discounted to their present value using risk free market rates, adjusted by the risks specific to the asset. Impairment losses from continuing activities are recognized in the consolidated statement of comprehensive income.

The Group assesses at year end indicators of impairment losses previously recorded in order to verify whether they have disappeared or decreased. If there are indicators, the Group estimates a new recoverable amount. A previously recognized impairment loss is reversed only if the circumstances giving rise to it have disappeared, since the last loss for depreciation was recognized. In this regard, the asset's carrying amount increases to their recoverable amount. The reversal is limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset.

The reversal is recognized in the consolidated statement of comprehensive income. Upon such reversal, the depreciation expense is adjusted in the following periods to amortize the asset's revised book value, net of its residual value, systematically over the asset's useful life.

Financial assets

The Group assesses at year end if financial assets or group of financial assets are impaired. To assess the impairment of certain assets, the following criteria are applied:

- Assets measured at amortized cost

If there is objective evidence that there is an impairment loss of loans and other receivables recorded at amortized cost, the loss is measured as the difference between the book value and the present value of estimated cash flows, discounted at the current market rate upon initial recognition. The book value is reduced by an allowance, and the loss is recorded in the consolidated statement of comprehensive income.

Impairment loss is reversed only if the circumstances giving rise to it have ceased to exist. Such reversal is limited to the carrying amount of the financial asset that would have been recognized on the reversal date had no impairment loss been recognized.

In regard with trade and other receivables, when there is objective evidence of not collecting them, an adjustment is made based on identified bad debts risk.

2.15 Provisions

Provisions are recognized when:

- the Group has a present obligation either legal, contractual or constructive as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount of the obligation can be reliably measured.

When the effect of the cash temporary value is significant, the provision is estimated as the present value of the future cash flows required to settle the obligation.

The discount rate applied in the assessment of the obligation's present value only corresponds to the temporary value of money and does not include the risks related to the estimated future cash flows related to the provision. The increase of the provision derived from the aforementioned discount is recorded as a financial expense.

2.16 Interest yield loans and credits

Loans and credits are initially measured at cost value, which is the fair value of the contribution received, net of issuance costs related to the debt.

Upon initial recognition, interest yield loans and credits are recognized at amortized cost using the effective interest rate method, including any issuance cost and discount or settlement premium.

2.17 Translation of balances in foreign currency

Transactions in foreign currency are translated at the spot rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the spot rate prevailing at the closing date. Unrealized exchange gains or losses are recognized in the consolidated statement of comprehensive income. As an exception, exchange gains or losses arising from monetary assets and liabilities that reflect investments in foreign subsidiaries are recorded in *Translation differences* in equity, with no impact on the consolidated statement of comprehensive income.

2.18 Leases

At inception of a contract, the Group assess whether the contract is, or contains, a lease, that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>Group as lessee</u>

The Group applies a single recognition and measurement approach for all leases, except for leases of low-value assets and short-term leases. The Group recognizes the lease liabilities representing its obligation to make lease payments and the assets representing the right to use the underlying leased asset.

i) Right-of-use assets

The Group recognizes the right-of-use assets at the commencement of the lease (that is, the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciated and impairment losses, and adjusted for any remeasurement of the lease liabilities. The cost of the right-of-use asset comprises the amount of recognized lease liabilities, initial direct costs incurred and lease payments made at or before the commencement of the lease, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shortest lease term and the useful lives of the assets.

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost shows the exercise of a purchase option, depreciation is calculated using the estimated useful live of the asset. Right-of-use assets are also subject to impairment. Accounting policies are described in Note 2.14.

ii) Lease liabilities

At the commencement of the lease, the Group recognizes a lease liability at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease. Variable lease payments that depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers those payments occurs.

To calculate the present value of the lease payments, the Group uses its incremental borrowing rate at the commencement of the lease because the interest rate implicit in the lease cannot be readily determined. Subsequent to the commencement of the lease, the carrying amount of lease liabilities is increased to reflect interest thereon and reduced to reflect the lease payments made. Additionally, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (ie changes in future lease payments resulting from a change in an index or rate used to determine those payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the recognition exemption for short-term leases to its short-term leases on machinery and equipment (that is, leases that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to office equipment leases that are considered of low value. Lease payments associated with short-term leases or leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

2.19 Income

Revenues are recognized when it is probable that the economic benefits from the transaction will flow to the Group and the amount of income and costs incurred or to be incurred can be reliably measured.

Revenues from exploiting slot machines are measured at the collected amount. The percentage of the amount collected from slot machines attributable to the owner of the premises where the machine is located is included as operating expense under *Variable rent*.

Revenues from bingo cards are recognized for the total amount of sold cards, based on their face value, while recognizing the prizes granted to players as a decrease in operating revenues. The card cost is recorded in *Consumptions*, and the gaming tax rate over purchased bingo cards is included under *Gaming taxes*.

Revenue from casinos and sporting bets is recorded for the net amount from the game (“win”), after deducting prizes removed by players.

Revenue from sale of finished products is measured when risks and significant benefits incidental to the ownership of the assets have been transferred to the buyer and the outcome can be estimated reliably, circumstance that generally arises with the effective goods delivery.

Interest income is recorded based on the time passed, including the asset’s effective yield.

2.20 Restructuring expenses

Expenses incurred in restructuring processes, mainly indemnities to personnel, are recognized when a formal and detailed plan exists to perform such process by identifying the main parameters (i.e. main locations, functions and approximate number of affected employees, estimated payments and the implementation schedule) and creating a real and valid expectation among affected employees in regard with the process.

2.21 Income tax

Deferred income tax is recognized on all temporary differences at the closing date between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position.

Deferred tax liabilities are recognized for all temporary differences, except for taxable temporary differences arisen from an acquired goodwill, which amortization is not tax deductible and those arisen upon the initial recognition of an asset or liability in a transaction, other than a business combination, and that at the transaction date did not affect the accounting or the tax result.

Likewise, a deferred tax liability is recognized for all taxable temporary differences from investments in subsidiaries, associates or jointly controlled companies, except when both the following conditions are met: (a) the Group is able to manage the reversal date of the temporary difference and (b) the temporary difference will not be reversed in the future. In this regard, when the results are generated in subsidiaries in countries where there is not an agreement to avoid double taxation and the Group's policy is the repatriation of dividends, the Group records a deferred tax related to the effective amount that would be filed when profits are repatriated.

Deferred tax assets are recognized for all deductible temporary differences, tax credits and unused tax loss carryforwards, to the extent that it is probable that future taxable profit will be available against which these assets may be utilized, except for deductible temporary differences arisen upon the initial recognition of an asset or liability in a transaction, other than a business combination, and that at the transaction date did not affect the accounting or the tax result.

Furthermore, only a deferred tax asset is recognized for all deductible temporary differences from investments in subsidiaries, associates or jointly controlled companies when both the following conditions met: (a) the temporary difference will be reversed in the future, and (b) it is probable that future taxable profit will be available against which these temporary differences may be utilized.

The recovery of deferred tax assets is reviewed at year end, reducing the amount in assets to the extent that it is probable that future taxable benefits will not be available and consequently these assets could not be utilized.

Deferred taxes are measured based on the tax legislation and charge rates enacted or to be enacted, at the date of consolidated statement of financial position.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or non-current liabilities, respectively.

2.22 Contingencies

When unfavorable outcome of a situation that leads to a potential loss is likely to occur (i.e. more than 50% of possibilities), the Group establishes a provision which is recorded based on the best estimate of present value of expected future disbursement. On the other hand, if expectations of favorable resolution are more likely, no provision is recorded, which is reported in the notes of existing risks, unless the possibility of a negative outcome is clearly considered remote.

2.23 Classification of current and non-current assets and liabilities

Assets and liabilities are classified in the consolidated statement of financial position as current and non-current according to their maturity date. Current assets mature within one year from the closing date, and non-current assets mature in more than such period.

3. FINANCIAL INFORMATION BY OPERATING SEGMENT

The Group's activities are organized and managed separately based on the nature of the services and products provided. Each segment represents one strategic business unit that provides different services and offers products to different markets whose operating profit or loss are examined on a regular basis by the Group's ultimate operating decision-making body in order to decide on the resources to be allocated to the segment and assess its performance.

An operating segment has been considered to be an identifiable unit of the Group responsible for supplying a unique product or service, or alternatively a set of these which are inter-related, and which is characterized by being subject to risks and yields of a different nature from those which correspond to other operating segments within the Group.

Assets, liabilities, income and expenses by segment include those directly attributable, together with those which may be reasonably attributed. Unallocated captions by the Group correspond to deferred tax assets and liabilities balances.

Transfer prices between segments are determined based on the actual costs incurred increased by a reasonable trade margin.

3.1 Operating segments

The distribution of the operating segments on which information is disclosed coincides with the information usually handled by Management. The operating segments defined by the Group are as follows:

Slots:

It owns and operates slot machines in bars, cafés, restaurants and amusement arcades in Spain and Italy. It also provides machine interconnection services in Italy.

B2B:

It designs, manufactures and distributes slot machines and gaming kits for the Spanish and international markets. The division sells directly or through distributors to other divisions of the Group, mainly slot division, and third parties

Casinos:

The Group operates with two types of casinos, traditional casinos, which include table games and casino slot machines, and electronic casinos which only operate with casino slot machines.

Bingos:

Operation of bingo halls mainly in Spain and, to a lesser extent, in Italy and Mexico. These halls operate through the sale of bingo cards to customers and, to a lesser extent, through slot machines and restaurant services.

Bets:

The Group's corporate purpose consists in the marketing and operation of bets at own or third-party halls, performance of related activities and manufacture of gaming material for bets. Additionally, the Group operates online bets in Spain through the website "sportium.es".

Other segments:

Segments that aggregately represent less than 10% of total external and internal revenue, less than 10% of the combined result of all segments with aggregated benefits, and less than 10% of total assets have been considered as irrelevant. Thus, no specific information thereon is provided and they have been grouped together under this generic heading.

The table below shows information on the income and results, certain information on assets and liabilities, and other information regarding these business segments at December 31, 2019 and 2018.

2019

(Thousands of euros)	Slots	B2B	Casinos	Bingos	Bets	Eliminations and other	Total
Assets by segment							
Allocated non-current assets	1,072,518	27,863	1,647,288	567,966	175,836	(280,613)	3,210,858
Unallocated non-current assets	-	-	-	-	-	61,337	61,337
Allocated current assets	119,570	53,148	140,022	41,301	28,521	(41,193)	341,369
Total Assets	**1,192,088**	**81,011**	**1,787,310**	**609,267**	**204,357**	**(260,469)**	**3,613,564**
Liabilities by segment							
Allocated liabilities	(821,674)	(31,811)	(371,257)	(198,620)	(40,593)	(1,200,330)	(2,664,285)
Unallocated liabilities	-	-	-	-	-	(306,597)	(306,597)
Total Liabilities	**(821,674)**	**(31,811)**	**(371,257)**	**(198,620)**	**(40,593)**	**(1,506,927)**	**(2,970,882)**
Operating income net of variable rent							
Sales to external customers	773,760	47,603	537,223	246,674	31,336	(22,036)	1,614,560
Intragroup revenue	7,537	43,513	1,907	4,986	-	(57,943)	-
Total operating income net of variable rent	**781,297**	**91,116**	**539,130**	**251,660**	**31,336**	**(79,979)**	**1,614,560**
Profit/(loss)							
EBITDA (*)	169,554	14,011	232,439	76,687	5,112	(25,109)	472,694
Finance income	1,637	585	3,748	1,797	72	(5,896)	1,943
Finance costs	(29,876)	(577)	(6,534)	(5,503)	(22)	(123,452)	(165,964)
Profit/(loss) before tax	34,650	7,272	74,024	15,146	25,978	(130,784)	26,286
Income tax	(9,382)	(1,951)	(16,049)	(3,267)	(16)	15,959	(14,706)
Profit / (loss) after tax	25,268	5,321	57,975	11,879	25,962	(114,825)	11,580
Non-monetary expenses							
Charge to depreciation and amortization and impairment of assets	(100,795)	(6,200)	(144,375)	(51,039)	(3,109)	7,690	(297,828)
Change in operating provisions	(2,838)	(441)	43	-	-	(607)	(3,843)
Other significant expenses							
Employee benefits expense	(77,011)	(21,705)	(97,796)	(50,296)	(4,880)	(16,210)	(267,898)
Utilities and external services	(69,213)	(12,272)	(111,872)	(57,348)	(16,478)	31,709	(235,474)
Gaming taxes	(422,783)	(186)	(87,802)	(54,930)	(4,461)	(198)	(570,360)
Other segment information							
Investment in non-current assets (cash flow)	66,569	4,900	60,784	18,051	1,804	1,243	153,351
Investments in associates (balance sheet):	20,661	-	-	12,226	-	-	32,887
Non-controlling interests (profit and loss)	6,958	175	9,953	712	-	450	18,248

(*) EBITDA is defined for financial reporting purposes, as profit or loss before income tax, finance income or costs, profit or loss from investments in associates, profit or loss from sale/derecognition of non-current assets, change in operating provisions and depreciation and amortization charges and impairment.

2018

(Thousands of euros)	Slots	B2B	Casinos	Bingos	Eliminations and other	Total
Assets by segment						
Allocated non-current assets	683,385	33,859	1,485,706	468,954	(184,251)	2,487,653
Unallocated non-current assets	-	-	-	-	45,580	45,580
Allocated current assets	118,015	49,412	86,875	28,729	24,515	307,546
Total Assets	**801,400**	**83,271**	**1,572,581**	**497,683**	**(114,156)**	**2,840,779**
Liabilities by segment						
Allocated liabilities	(551,235)	(30,135)	(184,153)	(99,403)	(1,019,683)	(1,884,609)
Unallocated liabilities	-	-	-	-	(289,413)	(289,413)
Total Liabilities	**(551,235)**	**(30,135)**	**(184,153)**	**(99,403)**	**(1,309,096)**	**(2,174,022)**
Operating income net of variable rent						
Sales to external customers	707,468	47,017	505,248	227,351	(17,960)	1,469,124
Intra-group revenue	674	42,485	1,644	4,708	(49,511)	-
Total operating income net of variable rent	**708,142**	**89,502**	**506,892**	**232,059**	**(67,471)**	**1,469,124**
Profit/(loss)						
EBITDA (*)	141,080	12,681	182,973	55,696	(64,146)	328,284
Finance income	10,533	2,607	4,254	1,261	(16,406)	2,249
Finance costs	(26,051)	(2,273)	(11,839)	(4,815)	(91,492)	(136,470)
Profit/(loss) before tax	29,815	(2,467)	106,880	26,134	(160,329)	33
Income tax	(1,496)	(2,473)	(31,540)	(8,790)	15,921	(28,378)
Profit / (loss) after tax	28,319	(4,940)	75,340	17,344	(144,408)	(28,345)
Non-monetary expenses						
Charge to depreciation and amortization and impairment of assets	(88,482)	(4,430)	(80,003)	(27,289)	7,866	(192,338)
Change in operating provisions	(3,027)	(46)	(178)	2	-	(3,249)
Other significant expenses						
Employee benefits expense	(71,344)	(20,168)	(89,300)	(45,633)	(55,405)	(281,850)
Utilities and external services	(77,479)	(15,387)	(144,360)	(66,638)	27,195	(276,669)
Gaming taxes	(376,087)	(150)	(82,091)	(52,532)	(184)	(511,044)
Other segment information						
Investment in non-current assets (cash flow)	70,044	4,227	47,480	37,940	497	160,188
Investments in associates (balance sheet):	67,042	-	-	11,948	-	78,990
Non-controlling interests (profit and loss)	4,779	228	8,388	1,903	-	15,298

(*) EBITDA is defined for financial reporting purposes, as profit or loss before income tax, finance income or costs, profit or loss from investments in associates, profit or loss from sale/derecognition of non-current assets, change in operating provisions and depreciation and amortization charges and impairment.

3.2 Information on geographical segments

In the presentation of information by geographic segments, sales are based on the destination country and the assets on their location. The table below shows this information at December 31, 2019 and 2018:

2019

(Thousands of euros)	Sales to external customers	Inter-segment sales	Total revenue by segment	Assets by segment	Investments in Non-current assets
Spain	657,059	88,534	745,593	1,175,934	74,318
Latin America	575,695	796	576,491	1,757,775	69,008
Italy	381,806	-	381,806	138,945	9,699
Eliminations and other	-	(89,330)	(89,330)	540,910	326
	1,614,560	**-**	**1,614,560**	**3,613,564**	**153,351**

2018

(Thousands of euros)	Sales to external customers	Inter-segment sales	Total revenue by segment	Assets by segment	Investments in Non-current assets
Spain	586,584	85,134	671,718	737,314	80,780
Latin America	532,987	664	533,651	1,506,303	74,784
Italy	349,553	2	349,555	124,504	4,131
Eliminations and other	-	(85,800)	(85,800)	472,658	493
	1,469,124	**-**	**1,469,124**	**2,840,779**	**160,188**

4. BUSINESS COMBINATIONS AND ACQUISITIONS OF SUBSIDIARIES

4.1 Significant acquisitions in 2019

The breakdown of amounts related to the acquisition of Giga Group, 50% of the Sportium subgroup, and Casino Central is as follows:

		(Millions of euros)				
Name and description of the entities and business	Acquisition date	Acquisition cost	Fair value of the assets acquired	Non-controlling interests arisen in the business combination	Fair value of the previous ownership interest	Goodwill generated (Note 5)
Giga Group	July 2019	283	82	(9)	-	191
Sportium subgroup	October 2019	73	107	-	73	38
Casino Central	November 2019	36	24	-	-	12
		392	**213**	**(9)**	**73**	**242**

The values of the identifiable assets and liabilities at the date of gaining control over the business combinations, excluding resulting goodwill, were as follows:

(Millions of euros)	Recognized on acquisition	Book value
Property, plant and equipment	79	28
Intangible assets	169	72
Other non-current assets	15	15
Current assets	55	55
Deferred tax liabilities arisen	(39)	(1)
Other current and non-current liabilities	(66)	(66)
	213	**103**

Had the acquisitions taken place at the beginning of the year, consolidated operating income in 2019 would have increased by 204,813 thousand euros and consolidated profit/(loss) for the year 2019 would have increased by 15,691 thousand euros. Additionally, since their acquisition date these companies have contributed profit to the Group amounting to 13,790 thousand euros.

4.2 Other acquisitions in 2019

The breakdown of the companies constituting a business over which unilateral and exclusive control was gained in 2019 is summarized as follows:

		(Thousands of euros)				
Name and description of the entities and business	**Acquisition date**	**Acquisition cost**	**Fair value of the assets acquired**	**Non-controlling interests arisen in the business combination**	**Fair value of the previous ownership interest**	**Goodwill generated (Note 5)**
Recreativos Sortia, S.L.U.	January 2019	1,087	1,087	-	-	-
First Game, S.L.	January 2019	414	414	-	-	-
Redeye Games, S.L.	January 2019	692	692	-	-	-
Palabingo S.r.l.	September 2019	5,559	5,536	(23)	-	-
		7,752	**7,729**	**(23)**	**-**	**-**

The values of the identifiable assets and liabilities at the date of gaining control over the business combinations were as follows:

(Thousands of euros)	**Recognized on acquisition**	**Book value**
Property, plant and equipment	841	841
Intangible assets	12,992	2,050
Other non-current assets	250	250
Current assets	1,675	1,675
Liabilities (including deferred taxes generated)	(8,029)	(5,070)
	7,729	**(254)**

Had the acquisitions taken place at the beginning of the year, consolidated operating income in 2019 would have increased by 3,525 thousand euros and consolidated profit/(loss) for the year 2019 would have increased by 26 thousand euros. Additionally, since their acquisition date these companies have contributed net profit to the Group amounting to 533 thousand euros.

4.3 Acquisition of the Cirsa Group

On April 27, 2018 Nortia Business Corporation, S.L. (owner of 52.43% of the share capital of Cirsa Gaming Corporation, S.A.) and private capital (owner of the other 46.65%) signed the agreement for the sale of the Grupo Cirsa Gaming Corporation, S.A. and subsidiaries to the Company (whose ultimate owner is Blackstone). This purchase and sale agreement included several clauses whereby the transaction was subject to a set of obligations by both parties to be considered fully effective. Final closing between the parties was signed on July 3, 2018, the date on which Blackstone gained effective control over the Cirsa Group through the purchase of 100% of the shares of Cirsa Gaming Corporation, S.A.

The breakdown of the amounts related to the acquisition of the Cirsa Group over whose business the Parent Company has gained control, effective from July 3, 2018, is as follows:

		(Millions of euros)			
Name and description of the entities and business	**Acquisition date**	**Acquisition cost**	**Fair value of the assets acquired**	**Non-controlling interests arisen in the business combination**	**Goodwill generated (Note 5)**
Grupo Cirsa Gaming Corporation	July 3, 2018	1,453	476	105	968

The values of the identifiable assets and liabilities at the date of gaining control over the business combinations, excluding resulting goodwill, were as follows:

(Millions of euros)	**Recognized on acquisition**	**Book value**
Property, plant and equipment	295	266
Intangible assets	1,134	132
Non-current financial assets (ownership interests accounted for using the equity method)	74	12
Other non-current assets	195	195
Current assets	563	563
Deferred tax liabilities arisen	(303)	(15)
Other current and non-current liabilities	(1,482)	(1,482)
	476	**(329)**

Operating income from ordinary activities, operating profit/(loss) and net profit/(loss) for the year already correspond to a whole year in accordance with the premises for the special-purpose consolidated financial statements.

As a result of the transaction, all the Group's rights and obligations, including the agreements and contracts that it held with third parties, continued to be in force subsequently. The only relevant business of the Cirsa Gaming Corporation Group, prior to the transaction, that did not continue under the new scope of consolidation is the one corresponding to the gaming activities in Argentina, which is presented as a discontinued operation in the accompanying consolidated financial statements.

4.4 Other acquisitions in 2018

The breakdown of the companies constituting a business over which unilateral and exclusive control was gained in 2018 is summarized as follows:

		(Thousands of euros)				
Name and description of the entities and business	**Acquisition date**	**Acquisition cost**	**Fair value of the assets acquired**	**Non-controlling interests arisen in the business combination**	**Fair value of the previous ownership interest**	**Goodwill generated (Note 5)**
Talluntxe, S.A.U.	July 2018	1,443	1,443	-	-	-
Casinos del Caribe, S.R.L. and Merengue Bar Gran Casino Jaragua, GCJ, S.R.L.U.	November 2018	13,557	13,557	-	-	-
		15,000	**15,000**	**-**	**-**	**-**

The values of the identifiable assets and liabilities at the date of gaining control over the business combinations were as follows:

(Thousands of euros)	Recognized on acquisition	Book value
Property, plant and equipment	4,770	4,770
Intangible assets	10,447	93
Other non-current assets	202	202
Current assets	1,843	1,843
Liabilities (including deferred taxes generated)	(2,784)	(2,389)
	14,478	**4,519**

Had the acquisitions taken place at the beginning of the year, consolidated operating income in 2018 would have increased by 10,477 thousand euros and consolidated profit/(loss) for the year 2018 would have increased by 785 thousand euros. Additionally, since their acquisition date these companies have contributed profit to the Group amounting to 525 thousand euros.

5. GOODWILL

The breakdown of and movements in goodwill by operating segment is as follows:

(Thousands of euros)	2018	Additions	Other	2019
Slots	358,197	191,310	3,391	552,898
Casinos	464,688	12,252	4,399	481,339
Bingos	145,215	-	1,375	146,590
Bets	-	38,237	-	38,237
	968,100	**241,799**	**9,165**	**1,219,064**

Goodwill has arisen in the last two years, mainly due to the acquisition of the Cirsa Gaming Corporation, S.A. Group and subsidiaries (Note 4.3) and significant acquisitions carried out in 2019 (Note 4.1). The *Other* column corresponds to a price adjustment made in 2019 to the acquisition of Cirsa in the prior year.

At December 31, 2019 and 2018 there have been no impairment losses on goodwill (Note 10.1).

The evolution of the book value of goodwill, net of impairment losses, is as follows:

(Thousands of euros)	2019	2018
Balance at January 1	968,100	92,912
Derecognition due to business combinations of PPAs prior to 2018	-	(92,912)
Business combination (PPA 2019)	250,964	968,100
Balance at December 31	**1,219,064**	**968,100**

Note 10 below shows the several items related to the potential impairment test conducted on the Group’s assets.

6. OTHER INTANGIBLE ASSETS

6.1 Movements

2019

(Thousands of euros)	Balance at January 1, 2019	Additions	Disposals	Transfers	Currency translation differences and other changes	Balance at December 31, 2019
COST						
Development costs and patents	66,527	5,457	(1,443)	-	431	70,972
Service concession arrangements	98,511	4,115	(34,745)	-	1,031	68,912
Installation rights	1,272,443	256,969	(14,425)	1,322	21,566	1,537,875
Transfer rights	13,375	1,463	(285)	(1,322)	387	13,618
Software	32,357	14,793	(2,657)	358	482	45,333
Prepayments and other	32	10	-	-	-	42
	1,483,245	**282,807**	**(53,555)**	**358**	**23,897**	**1,736,752**
AMORTIZATION						
Development costs and patents	(52,331)	(5,663)	1,280	-	(172)	(56,886)
Service concession arrangements	(67,459)	(7,578)	34,656	-	(795)	(41,176)
Installation rights	(219,885)	(163,678)	11,459	(1,129)	(101)	(373,334)
Transfer rights	(7,761)	(2,044)	60	1,129	(145)	(8,761)
Software	(27,264)	(11,507)	2,581	-	(327)	(36,517)
	(374,700)	**(190,470)**	**50,036**	**-**	**(1,540)**	**(516,674)**
Impairment losses	(4,869)	(9,360)	1,102	-	(2)	(13,129)
Net carrying amount	**1,103,676**	**82,977**	**(2,417)**	**358**	**22,355**	**1,206,949**

2018

(Thousands of euros)	Balance at January 1, 2018	Additions	Disposals	Transfers	Currency translation differences and other changes	Balance at December 31, 2018
COST						
Development costs and patents	56,355	11,638	(1,624)	-	158	66,527
Service concession arrangements	120,968	567	(25,158)	-	2,134	98,511
Installation rights	643,668	1,047,154	(418,486)	54	53	1,272,443
Transfer rights	10,817	2,797	(405)	-	166	13,375
Software	34,211	5,269	(7,561)	294	144	32,357
Prepayments and other	151	-	(119)	-	-	32
	866,170	**1,067,425**	**(453,353)**	**348**	**2,655**	**1,483,245**
AMORTIZATION						
Development costs and patents	(50,080)	(3,786)	1,624	-	(90)	(52,331)
Service concession arrangements	(69,232)	(7,586)	10,899	-	(1,540)	(67,459)
Installation rights	(294,489)	(90,516)	165,133	-	(12)	(219,885)
Transfer rights	(4,652)	(3,042)	-	-	(67)	(7,761)
Software	(28,802)	(2,002)	3,602	-	(62)	(27,264)
	(447,255)	**(106,932)**	**181,258**	**-**	**(1,771)**	**(374,700)**
Impairment losses	(19,727)	(1,047)	15,906	-	(1)	(4,869)
Net carrying amount	**399,188**	**959,446**	**(256,189)**	**348**	**883**	**1,103,676**

The *Additions* column in 2019 includes the effect of the other business combinations (Note 4), which has amounted to an overall gross value of 237,775 thousand euros (27,828 thousand euros in the prior year) and accumulated amortization of 55,250 thousand euros (912 thousand euros in the prior year). These amounts related almost entirely to *Installation rights*, just like in 2018.

Most of the rest of additions in 2019 and 2018 included in *Installation rights* mainly relate to the non-refundable payment in exchange for the exclusive rights to operate the halls where the slot machines were located. The disposals in this caption for both years mainly relate to installation rights pending amortization in halls which had been closed, or it was decided not to operate the machines for profitability reasons.

6.2 Development costs and patents

They mainly correspond to:

- Industrial companies: Creation of new models of slot machines and technological innovation for them. The net value at December 31, 2019 and 2018 is 6,958 and 6,127 thousand euros, respectively.
- Companies engaged in lotteries and interactive products: Software development for online gaming applications. The net value at December 31, 2019 and 2018 is 3,125 thousand euros and 3,068 thousand euros, respectively.

The internal cost of developing new models of slot machines and software for on-line games by the B2B division of the Group is recorded as development costs and patents with a charge to the corresponding expenses according to their nature in the consolidated statement of comprehensive income. Said work performed by the Group for its intangible assets in 2019 and 2018 amounts to 4,857 and 3,573 thousand euros, respectively.

Research and development costs recognized as an expense in 2019 amount to 12 thousand euros (66 thousand euros at December 31, 2018) (Note 21.2).

6.3 Service concession arrangements

The most significant items in the gross balance of service concession arrangements at December 31, 2019 are as follows:

- Official contract to manage and operate slot machine halls in the Republic of Panama for an amount of 13,316 thousand euros (46,869 thousand euros at December 31, 2018). The net value of this concession at December 31, 2019 amounts to 11,984 thousand euros (12,419 thousand euros at December 31, 2018).

- Licenses of video terminals acquired by Cirsa Italia S.p.A. for an amount of 40,768 thousand euros at December 31, 2019 (40,807 thousand euros at December 31, 2018). The net value of this concession at December 31, 2019 amounts to 8,257 thousand euros (12,360 thousand euros at December 31, 2018).

6.4 Installation rights

This caption includes the amount given in exchange for the exclusive rights to operate in the halls were the slot machines are located, and the effect of the business combination indicated in Note 4.

6.5 Impairment losses

The impairment losses recorded during 2019 mainly correspond to the impairment of installation rights for an amount of 8,000 thousand euros, which have been registered as a result of the impairment test made on the Group's assets (Note 10).

6.6 Other information

At 2019 year end, the net value of intangible assets in foreign companies amounts to 851,672 thousand euros (877,775 thousand euros at 2018 year end).

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Movements

2019

(Thousands of euros)	Balance at January 1, 2019	Additions	Disposals	Transfers	Translation differences and other changes	Balance at December 31, 2019
Cost						
Land and buildings	99,645	17,912	(15,988)	2,772	1,688	106,029
Technical installations	80,770	60,164	(1,281)	4,755	1,390	145,798
Machinery	561,050	139,071	(68,623)	11,295	8,479	651,272
Data processing equipment	60,449	14,852	(612)	550	560	75,799
Transport equipment	3,492	686	(202)	-	22	3,998
Other installations, tools, furniture, and other PP&E	297,541	72,163	(3,795)	4,315	3,749	373,973
Property, plant and equipment under construction	12,237	23,543	(431)	(24,045)	(10)	11,294
	1,115,184	**328,391**	**(90,932)**	**(358)**	**15,878**	**1,368,163**
Depreciation						
Buildings	(34,093)	(7,327)	1,747	-	(597)	(40,270)
Technical installations	(61,821)	(31,054)	1,103	(198)	(1,016)	(92,986)
Machinery	(435,242)	(99,791)	52,054	198	(6,417)	(489,198)
Data processing equipment	(53,745)	(13,293)	552	1	(366)	(66,851)
Transport equipment	(2,992)	(679)	197	-	(16)	(3,490)
Other installations, tools, furniture, and other PP&E	(225,119)	(49,315)	5,039	(1)	(2,911)	(272,307)
	(813,012)	**(201,459)**	**60,692**	**-**	**(11,323)**	**(965,102)**
Impairment losses	**(4,711)**	**(13,020)**	**12,328**		**(89)**	**(5,492)**
Net carrying amount	**297,461**	**113,912**	**(17,912)**	**(358)**	**4,466**	**397,569**

2018

(Thousands of euros)	Balance at January 1, 2018	Additions	Disposals	Transfers	Translation differences and other changes	Balance at December 31, 2018
Cost						
Land and buildings	257,555	33,592	(191,702)	102	98	99,645
Technical installations	81,727	5,158	(7,750)	1,089	546	80,770
Machinery	616,379	39,772	(114,970)	16,258	3,611	561,050
Data processing equipment	65,857	4,492	(10,803)	662	241	60,449
Transport equipment	10,850	205	(7,584)	-	21	3,492
Other installations, tools, furniture, and other PP&E	294,730	23,712	(32,043)	5,886	5,256	297,541
Property, plant and equipment under construction	16,043	29,238	(9,500)	(24,345)	801	12,237
	1,343,141	**136,169**	**(374,352)**	**(348)**	**10,574**	**1,115,184**
Depreciation						
Buildings	(105,026)	(9,736)	80,262	485	(78)	(34,093)
Technical installations	(58,933)	(10,300)	7,750	39	(377)	(61,821)
Machinery	(447,695)	(64,979)	80,544	(9)	(3,103)	(435,242)
Data processing equipment	(56,603)	(4,528)	7,571	-	(185)	(53,745)
Transport equipment	(8,676)	(610)	6,271	-	23	(2,992)
Other installations, tools, furniture, and other PP&E	(221,788)	(19,579)	20,916	(514)	(4,154)	(225,119)
	(898,721)	**(109,732)**	**203,314**	**1**	**(7,874)**	**(813,012)**
Impairment losses	**(13,370)**	**(2,264)**	**10,949**		**(26)**	**(4,711)**
Net carrying amount	**431,050**	**24,173**	**(160,089)**	**(347)**	**2,674**	**297,461**

The *Additions* column in 2019 mainly shows:

- The effect of the other business combinations (Note 4.2), which has amounted to an overall gross value of 189,702 thousand euros (12,939 thousand euros in the prior year) and accumulated depreciation of 110,322 thousand euros (7,127 thousand euros in the prior year).

- Investments in assets in Spain (35,782 thousand euros), Colombia (15,986 thousand euros), Mexico (10,067 thousand euros), Peru (15,533 thousand euros) and Panama (21,786 thousand euros) mainly to renovate some already-installed halls, and additions of property, plant and equipment under construction amounting to 23,543 thousand euros as a result of the renovation and expansion of casinos, mainly in Latin American countries.

Additions in 2018 also included investments in assets in Spain (41,076 thousand euros), Colombia (14,575 thousand euros), Mexico (16,419 thousand euros), Peru (7,389 thousand euros) and Panama (20,472 thousand euros) mainly to renovate some already-installed halls, and additions of property, plant and equipment under construction amounting to 29,238 thousand euros as a result of the renovation and expansion of casinos, mainly in Latin American countries.

The *Disposals* column in 2019 and 2018 includes sales of several assets and other disposals, basically due to the replacement of slot machines, which in 2019 resulted in losses of 5,028 thousand euros (gains of 13,025 thousand euros in the prior year).

7.2 Work performed by the Group and capitalized

The cost value of the machines manufactured by group companies that after being sold to operational companies of the Cirsa Group are operated by them is recorded as property, plant and equipment with a charge to the corresponding expenses according to their nature in the consolidated statement of comprehensive income. The work performed by the Group and capitalized as property plant and equipment in 2019 and 2018 amounts to 47,795 and 46,438 thousand, respectively.

7.3 Assets used as guarantees

Several property, plant and equipment items, whose net value at December 31, 2019 and 2018 was 785 and 210 thousand, respectively, were used as guarantee for mortgage loan debts.

7.4 Assets subject to charges and limitations

All assets can be freely used, except for the assets used as guarantees indicated in Note 7.3 and those acquired under finance lease arrangements, whose net carrying amount is 168 thousand euros at December 31, 2019 (681 thousand euros at December 31, 2018).

7.5 Assets located outside of Spain

The net value of the assets located outside of Spain amounts to 215,199 thousand euros at December 31, 2019 (186,242 thousand euros at December 31, 2018).

7.6 Investment commitments

Firm investment commitments amount to 7,225 thousand euros at December 31, 2019 (10,018 thousand euros at December 31, 2018).

8. INVESTMENTS IN ASSOCIATES

This caption includes the following investments:

2019

(Thousands of euros)	Book value of the investment	Assets	Liabilities	Operating revenue	Profit/(loss) for the period
AOG, S.R.L.	12,226	21,833	12,754	100,976	434
Unión de Operadores Reunidos, S.A.	18,693	11,081	2,713	23,992	5,094
Other	1,968	20,957	18,678	39,871	1,428
	32,887				

2018

(Thousands of euros)	Book value of the investment	Assets	Liabilities	Operating revenue	Profit/(loss) for the period
AOG, S.R.L.	11,948	21,131	(12,028)	104,207	461
Unión de Operadores Reunidos S.A.	16,146	10,008	(1,842)	23,310	4,700
Sportium Apuestas Deportivas, S.A. and Subsidiaries.	48,678	161,115	(65,331)	635,383	11,542
Other	2,218	14,862	(12,069)	40,084	920
	78,990				

The associates consolidated using the equity method had no contingent liabilities or capital commitments at December 31, 2018 and 2019.

The annual variation in the 'Investments in associates' caption is as follows:

(Thousands of euros)	2019	2018
Balance at January 1	78,990	57,820
Share in profit/(loss) for the year	4,322	4,578
Revaluation due to PPA Cirsa Group (Note 4.3)	-	16,592
Business combination Sportium subgroup (Nota 4.1)	(50,425)	-
Balance at December 31	**32,887**	**78,990**

The transactions carried out during the 2019 and 2018 between the above-listed companies and the companies accounted for using the full and/or proportional consolidation method are not relevant.

9. FINANCIAL ASSETS

This caption consists of the following balances:

(Thousands of euros)	2019 Non-current	2019 Current	2019 Total	2018 Non-current	2018 Current	2018 Total
Loans and receivables						
Joint ventures and associates	1,659	1,749	3,408	2,854	2,909	5,763
Loans to third parties	29,873	-	29,873	19,125	-	19,125
Guarantees and deposits	9,689	19,300	28,989	10,064	14,762	24,826
Fixed income securities and deposits	-	12,551	12,551	-	1,198	1,198
Trade and other receivables	-	152,155	152,155	-	142,069	142,069
Other	8,465	3,892	12,357	7,832	1,434	9,266
	49,686	189,647	239,333	39,875	162,372	202,247
Impairment losses	(434)	(37,426)	(37,860)	(449)	(34,977)	(35,426)
	49,252	**152,221**	**201,473**	**39,426**	**127,395**	**166,821**

The Group considers that the fair values of these do not differ significantly from the amounts recorded.

The accumulated balance of impairment losses on non-current financial assets mainly relates to loans to third parties, whereas the amount of impairment losses on current financial assets mainly relates to trade and other receivables (36,560 and 32,468 thousand euros at December 31, 2019 and 2018, respectively). The remainder of the balance amounting to 866 thousand euros corresponds to impairment losses on current financial investments.

9.1 Loans and receivables

Balances to joint ventures and associates

This caption breaks down as follows:

(Thousands of euros)	2019	2018
Current accounts with joint ventures and associates and loans	1,659	5,763
Trade transactions	1,749	-
	3,408	**5,763**

(*) The amounts receivable from the joint ventures included in the table above are the remaining balances after the eliminations upon consolidation.

The annual maturity of these assets is as follows:

(Thousands of euros)	2019	2018
Within 1 year	1,749	2,911
Between 1 and 2 years	-	713
Between 2 and 3 years	1,659	713
Between 3 and 4 years	-	713
Between 4 and 5 years	-	713
	3,408	**5,763**

The average interest rate of these assets in 2019 was 6.91% (2018: 5.82%).

Loans to third parties

The breakdown of non-current loans to third parties is as follows:

(Thousands of euros)	2019	2018
Mortgage loan in US dollars to a company that owns a hotel in Dominican Republic where a casino operated by the Group is located. It earns an annual interest of 5%.	8,190	-
Accounts receivable from the industrial division.	3,322	2,852
Deferred collection for the sale of a non-controlling interest in an Italian company of the operational division	287	498
Deferred collection for the sale of a non-controlling interest in a Spanish company of the operational division	948	1,843
Current accounts with third parties for Group purposes, at an interest rate of 2%	1,021	-
Other	16,105	13,932
	29,873	**19,125**

The breakdown of maturity dates for non-current loans to third parties is as follows:

(Thousands of euros)	2019	2018
Between 1 and 2 years	14,846	13,806
Between 2 and 3 years	4,426	2,711
Between 3 and 4 years	1,651	790
Between 4 and 5 years	953	779
More than 5 years	7,997	1,039
	29,873	**19,125**

Trade and other receivables

This caption consists of the following balances:

(Thousands of euros)	2019	2018
Trade receivables	59,576	56,955
Impairment losses	(36,560)	(32,468)
Public administrations	42,116	28,860
Other accounts receivable	50,463	56,254
	115,595	**109,601**

Receivables from Public administrations mainly correspond to payments on account of income tax, VAT and other tax receivables.

Other receivables mainly relate to loans granted to establishments and suboperators.

The balance of *Trade and other receivables* is shown net of impairment loss. The movements in the impairment loss allowance are as follows:

(Thousands of euros)	2019	2018
Balance at January 1	34,977	39,062
Net charges for the year	2,311	3,011
Utilized	(2,556)	(7,239)
Additions of companies	2,694	143
Balance at December 31	**37,426**	**34,977**

The Group has established credit periods between 90 and 150 days, while the average collection period is approximately of 120 days at December 31, 2019 (120 days at December 31, 2018).

10. IMPAIRMENT TEST

10.1 Goodwill

Cash-generating units

Goodwill acquired through business combinations and any other intangible assets with indefinite useful lives have been attributed to cash-generating units for impairment testing. The breakdown of cash-generating units is as follows:

- Operational segment in Spain and Italy.
- Bingo groups in Spain and Mexico.
- Casinos in Spain, Panama, Colombia, Mexico, Dominican Republican, Peru, Costa Rica and Morocco.
- Bets in Spain and other countries (Sportium).

Note 5 indicates the distribution of Goodwill at December 31, 2019 and 2018.

Key assumptions

Budgeted gross margins - the bases for determining the value allocated to the budgeted gross margins is the average of the gross margins obtained in the year, increased by expected efficiency improvements. The period used in said projections is 5 years. From year five onwards projections are extrapolated using a growth rate similar to the growth rate equivalent to expected inflation.

Increase in costs - the basis for determining the value allocated to the increase in costs is the price index expected during the year for the different countries and segments. The values allocated to the key assumptions are consistent with external information sources.

Discount rates – the basis for determining the discount rate applied in the cash flow projections is determined based on the specific risk of each cash-generating unit, considering the type of activity and countries. The discount rates used by activity and geographical area range between 7% and 14% for the CGUs that have been allocated significant goodwill.

Growth rate - the basis for determining the growth rate used to extrapolate the flows to obtain the terminal value is the expected growth rate of inflation in each geographical area. The growth rate used range between 1.5% and 4%.

Test results

As a result of the impairment tests on goodwill carried out in 2019 and 2018, no impairment adjustments needed to be recorded.

Sensitivity analysis

The Group has done a sensitivity analysis for each of the aforementioned key assumptions. Based on this analysis, the Group has concluded that no reasonably possible change in the assumptions has occurred that would entail the need to record impairment losses on the assets of each cash-generating unit.

10.2 Other assets

Impairment indicators used by the Group to determine the need of an impairment test on other non-current assets, amongst others, are as follows:

- Significant drop of the result over the same period in the prior year, and/or over the budget.
- Legislative changes in progress or planned, which could lead to negative effects.
- Change of strategy or internal expectations regarding a particular business or country.
- Position of competitors and their launches of new products.
- Slowdown of income or difficulties in selling at expected prices.
- Change in habits and attitudes of users, and other elements specific to each division.

At December 31, 2019, based on the results of the impairment tests under discounted cash flows, impairment losses of 8,000 thousand euros have been recorded (corresponding entirely to installation rights in Peru), mainly due to more prudent estimates of future cash flows from Peruvian casinos.

11. INVENTORIES

The breakdown of inventories by category, net of impairment, is as follows:

(Thousands of euros)	2019	2018
Raw and auxiliary materials	4,108	3,660
Spare parts and others	9,224	8,225
Finished goods	1,896	1,555
Work in progress	3,319	3,390
Prepayments to suppliers	1,482	1,073
	20,029	**17,903**

Inventories correspond mainly to the manufacture and marketing of slot machines carried out by Group companies.

The balance of inventories is shown net of impairment loss. Movements in the impairment loss allowance are as follows:

(Thousands of euros)	2019	2018
Balance at January 1	929	1,145
Net charges for the year	457	425
Write-offs	(364)	(641)
Balance at December 31	**1,022**	**929**

The write-off in 2019 and 2018 corresponds to the destruction of several inventories from the industrial division.

12. CASH AND CASH EQUIVALENTS

For consolidated cash-flow statement purposes, cash and cash equivalents include the following items:

(Thousands of euros)	2019	2018
Cash	57,633	42,300
Current accounts	62,595	73,049
Deposits under 3 months	2	66
Cash in hoppers	36,739	36,777
	159,669	**152,192**

These assets are unrestricted and earn market interest rates.

13. EQUITY

13.1 Subscribed capital and share premium

At December 31, 2019 and 2018 the Parent Company's share capital consisted of 70,663 thousand registered shares with a face value of 1 euro each after a capital increase was carried out on July 2, 2018 with a share premium for an aggregated amount (capital increase plus share capital) of 706,603 thousand euros. In 2019 part of the balance of the share premium has been returned, for an amount of 550 thousand euros. The Sole Shareholder of the Parent Company is LHMC Midco, S.a.r.l. and all shares bear the same obligations and voting and economic rights.

All shares are pledged in favor of six financial institutions as a guarantee of a credit line.

13.2 Retained earnings

The balance of this caption includes reserves of the Parent Company, which are non-distributable.

Legal reserve

In accordance with the Spanish Corporate Enterprises Act, Spanish companies obtaining profit will assign 10% of profit to the legal reserve, until its balance is equivalent to at least 20% of share capital. As long as it does not exceed this limit, the legal reserve can only be used to offset losses if no other reserves are available. This reserve can also be used to increase capital by the amount exceeding 10% of the new capital after the increase.

At December 31, 2019 and 2018 the Parent Company's legal reserve has not been set aside.

Additionally, the Group Spanish subsidiaries have provided the legal reserves at the amount required by the prevailing legislation.

13.3 Non-controlling interests

The balances related to non-controlling interests are as follows:

	Balance in statement of financial position		Share in profit/(loss)	
(Thousands of euros)	**2019**	**2018**	**2019**	**2018**
Division				
Casinos	109,453	102,910	9,964	8,388
Slots	4,345	(2,277)	7,324	4,779
B2B	1,336	2,356	175	228
Bingos	16,060	17,272	785	1,903
	131,194	**120,261**	**18,248**	**15,298**

The inter-annual variation of balances in the consolidated statement of financial position is as follows:

(Thousands of euros)	2019	2018
Balance at January 1	120,261	236,679
Share in profit/(loss) for the year	18,248	15,298
Currency translation differences	370	-
Net impact due to business combinations	9,255	2,484
Dividends paid	(10,783)	(26,242)
Sale of Argentinean companies	-	(107,958)
Other disposals	(6,157)	-
Balance at December 31	**131,194**	**120,261**

The movements in 2019 correspond to the non-controlling interests' share in the profit/(loss) of companies, to dividends paid and to additions and disposals due to changes in scope. The main movement in 2018 corresponds to the exclusion of non-controlling interests of Argentinean companies from the scope of consolidation.

14. CORPORATE BONDS

At December 31, 2018 this caption mainly related to a bond issue carried out by a group company domiciled in Luxembourg, Cirsa Finance International, S.a.r.l., on July 2, 2018 for an approximate amount of 1,560 million euros, which were partially used for the early repayment of previously issued bonds by the Cirsa Gaming Corporation Group, for an amount of 950 million euros.

During 2019 two additional issues of corporate bonds, amounting to 880 million euros, have been made. These funds have been partially used to early redeem a portion of the previous bond issue.

Current corporate bonds consist of 4 issues, divided into two tranches: the first tranche amounts to 663 million euros and 495 million US dollars, which mature in 2023 and accrue interest at a rate of 6.25% and 7.875%, respectively. The second tranche amounts to 390 and 490 million euros, which mature in 2025 and accrue interest at a rate of 4.75% and 3-month Euribor plus 362.5 basis points, respectively.

The issues for the first tranche were both made below par at a price of 97.75%.

Contracts subscribed in relation to the bonds issued by the subsidiaries in Luxembourg regulate certain obligations and commitments by the Group, which include, among others, the supply of periodic information, the maintenance of titles of ownership in subsidiaries, the restriction on disposal of significant assets, the compliance with certain debt ratios, the limitation on payment of dividends, the limitation on starting-up new businesses, and the restriction on the Group granting guarantees and endorsements to third parties. The Parent Company's Directors consider that all contractual obligations have been met. The shares of several Group companies have been assigned as security for these liabilities.

At December 31, 2019 the quoted price of the bonds recognized in the liabilities side of the Cirsa Group's balance sheet is 106.0%, 106.0%, 105.1% and 101.3% of their par value, for each of the four tranches.

15. BANK BORROWINGS

The breakdown of bank borrowings at December 31, 2019 and 2018 is as follows:

	2019			2018		
(Thousands of euros)	**Non-current**	**Current**	**Total**	**Non-current**	**Current**	**Total**
Mortgage and pledge loans	14	84	98	99	82	181
Other loans	40,194	44,550	84,744	51,571	26,967	78,538
Finance lease arrangements	215	448	663	452	929	1,381
Credit and discount lines	-	6,284	6,284	-	5,960	5,960
	40,423	**51,366**	**91,789**	**52,122**	**33,938**	**86,060**

Average interest rates accrued by these borrowings are as follows:

	Percentage	
	2019	**2018**
Loans	3.57%	3.57%
Finance lease arrangements	5.87%	3.23%
Credit and discount lines	2.30%	2.27%

The annual maturity date of these liabilities is as follows:

(Thousands of euros)	2019	2018
Within 1 year	51,366	33,937
Between 1 and 2 years	16,586	18,011
Between 2 and 3 years	13,163	14,591
Between 3 and 4 years	9,427	11,065
Between 4 and 5 years	1,163	7,871
More than 5 years	84	585
	91,789	**86,060**

At December 31, 2019 part of these liabilities, equal to 444 thousand euros is denominated in U.S. dollars (718 thousand euros at December 31, 2018).

At December 31, 2018 and 2019, the shares of several subsidiaries are pledged in favor of six financial institutions as a guarantee for the credit line (RCF), whose utilization limit amounts to 200 million euros. At December 31, 2019 the Group has drawn down a total of 25 million euros from this credit line (no amount drawn down at prior year end). This drawdown accrues interest at an annual rate of 3% and matures in June 2020. This facility drawdowns are subject to the fulfilment of certain leverage covenants.

At December 31, 2019 the undrawn amount of credit and discount lines is 18,947 and 1,290 thousand euros, respectively, without considering the credit line commented in the paragraph above. These figures amounted to 18,126 and 3,439 thousand euros, respectively, at 2018 year end.

Finally, at December 31, 2019 and 2018 the guarantees given by credit institutions and insurance companies to the Group, in connection with official concessions were 149,128 and 100,713 thousand euros, respectively.

16. OTHER NON-TRADE PAYABLES

The breakdown of this caption is the following:

	2019			2018		
(Thousands of euros)	Non-current	Current	Total	Non-current	Current	Total
Public administrations	-	67,549	67,549	5	73,380	73,385
Bills payable	1,617	4,439	6,056	268	2,528	2,796
Other payables	41,315	124,216	165,531	31,698	97,849	129,547
	42,932	**196,204**	**239,136**	**31,971**	**173,757**	**205,728**

The current portion corresponds to gaming taxes with a short-term maturity (2019: 29,133 thousand euros, 2018: 35,771 thousand euros), outstanding settlements (not due) for the personal income tax, VAT, social security contributions and similar concepts.

Bills payable correspond mainly to debts arising from the acquisition of companies and operations of slot machines with deferred payment, discounted at market interest rate.

The caption *Non-current sundry creditors* mainly includes:

- Asset suppliers amounting to 9,138 thousand euros (8,206 thousand euros at prior year end).
- Non-current payable amount related to certain investments in Panama corresponding to a payable balance related to an investment agreement amounting to 6,264 thousand euros. The debt derived from this investment will be settled through 239 equal monthly instalments of 71 thousand dollars, including interest, the first payment being in February 2018 until February 2038. At December 31, 2019 the payable amount classified as non-current amounts to 5,713 thousand euros (5,935 thousand euros at December 31, 2018).

- Several payables for common transactions amounting to 13,056 thousand euros, with an undetermined maturity (11,061 thousand euros at prior year end).
- Non-current payable amount related to the acquisition of companies in Spain and the Dominican Republic at year end amounting to 6,247 thousand euros and 979 thousand euros, respectively (1,849 thousand euros and 2,124 thousand euros, respectively, at prior year end).

The caption *Current sundry creditors* mainly includes:

- Asset suppliers amounting to 32,627 thousand euros (23,454 thousand euros at 2018 year end).
- Payables for the rendering of services amounting to 41,036 thousand euros (26,566 thousand euros at December 31, 2018).
- Current borrowings amounting to 6,779 thousand euros (9,380 thousand euros at prior year end), notably including the payable portion in 2019 for the investments in Peru and the Dominican Republic mentioned above.
- Employee benefits payable amounting to 21,835 thousand euros (23,241 thousand euros in the prior year) (Note 21.1).

17. NON-CURRENT PROVISIONS

The breakdown of this caption is as follows:

(Thousands of euros)	2019	2018
Personnel commitments	11,760	9,407
Tax contingencies	2,393	1,357
Other	582	1,330
Balance at December 31	**14,735**	**12,094**

The amount recognized in *Obligations in relation to employees* mainly consists of probable contingencies with the personnel in Italy, the incentive plan for the Group's executives, and retirement incentives.

At December 31, 2019 and 2018 the amount shown under the caption 'Others' mainly consists of provisions for several risks and fines that are individually irrelevant.

The inter-annual variation of the balance is as follows:

(Thousands of euros)	2019	2018
Balance at January 1	12,094	18,396
Net charges for the year	5,922	5,179
Provisions utilized	(3,705)	(10,062)
Additions due to acquisition of companies	248	-
Exchange gains (losses)	176	198
Disposals due to sale of companies	-	(1,617)
Balance at December 31	**14,735**	**12,094**

18. TAXES

18.1 Tax group

In Spain, Cirsa Enterprises, S.L., together with 65 Spanish group companies, meets the requirements set by tax regulations to form a consolidated tax group, represented by the subsidiary Cirsa Gaming Corporation, S.A. There are two more consolidated tax groups in Spain: the first one of them consists of 7 companies, the parent of which is the subsidiary Orlando Play, S.A.; and the second one consists of 17 companies, the parent of which is the subsidiary Sportium Apuestas Deportivas, S.A.

The other Group companies file income tax returns separately in accordance with applicable tax legislation in each country.

18.2 Accrued and payable income tax

The annual tax expense that has been entirely recorded in the consolidated profit and loss account, since the Group has direct tax impacts on equity, is broken down as follows:

(Thousands of euros)	2019	2018
Current	56,142	39,073
Deferred for (increase) decrease in tax credits related to tax loss carryforwards and deductions	1,952	2,676
Deferred for temporary differences	(33,086)	1,029
Other	(10,302)	(14,400)
	14,706	**28,378**

‘Other’ includes, among others, the tax effects derived from amortization and other accounting revaluation adjustments as a result of the business combination of the Cirsa Group in 2018.

Income tax payable amounts at 17,904 thousand euros at December 31, 2019 (13,064 thousand euros at December 31, 2018) and mainly corresponds to the current income tax accrued in the several jurisdictions net of withholdings and payments on account for the period.

18.3 Analysis of tax expense

(Thousands of euros)	2019	2018
Profit before tax	26,286	33
Tax rate prevailing in Spain	25%	25%
Theoretical income tax expense	6,572	8
Adjustments – Effect of:		
Different tax rates prevailing in other countries	5,399	5,261
Impairment losses on assets and goodwill recognized solely for consolidation purposes	2,000	-
Revaluation of assets and recorded solely for consolidation purposes	(22,220)	-
Utilization of tax credits and deductions for the year	(4,010)	-
Utilization of (capitalized and uncapitalized) tax credits and deductions in prior years	-	3,705
Limitation on the deductibility of financial expenses in Spanish companies that will not be recovered	27,088	9,708
Other non-deductible expenses and other	(122)	9,696
	14,706	**28,378**

At December 31, 2019 and 2018 the effect of corrections in different tax rates mainly corresponds to the higher taxes applied in Mexico and Colombia.

At December 31, 2019 the effect of the impairment of assets recorded for consolidated purposes is due to impairment losses on Peruvian intangible assets and to the income from the revaluation of the ownership interest in Sportium as a result of the business combination carried out during the year.

At December 31, 2019 and 2018 there is a limitation on the deductibility of finance costs with a negative effect on the tax expense. Additionally, at December 31, 2019 and 2018 non-deductible expenses consist, among others, of portfolio charges carried out by subsidiaries in Latin American countries.

18.4 Deferred tax assets and liabilities

(Thousands of euros)	2019	2018
Assets		
Tax loss carryforwards from the consolidated tax group represented by Cirsa Gaming Corporation, S.A.	35,039	26,431
Tax loss carryforwards from the consolidated tax group whose parent is Orlando Play, S.A.	939	1,169
Tax loss carryforwards from the consolidated tax group whose parent is Sportium Apuestas Deportivas, S.A.	4,490	-
Tax loss carryforwards from other group companies	142	1,254
Related to deductible temporary differences:		
--- Impaired receivables	233	480
--- Impaired securities portfolio	11	10
--- Goodwill impaired in individual books	1,060	743
--- Intragroup margin write-off	7	5,628
--- Non-accounting impairment for tax purposes	528	1,924
Non-deductible amortization for accounting purposes	531	759
--- Leases	1,790	-
--- Other	16,568	7,182
	61,337	**45,580**
Liabilities		
Related to taxable temporary differences:		
--- Tax provision for maximum gaming prizes	(86)	(8,173)
--- Difference between tax depreciation and accounting depreciation	-	-
--- Non-accounting impairment for tax purposes	(732)	(2,364)
--- Margin write-offs	(2,039)	(1,974)
--- Business combinations (initial statement of non-current assets at fair value)	(303,205)	(275,133)
--- Other	(536)	(1,770)
	(306,597)	**(289,414)**

The Group estimates the taxable profits which it expects to obtain within the utilization period based on budgets. It also analyzes the reversal period of taxable temporary differences, identifying those that reverse in the years in which unused tax loss carryforwards may be used, considering the application of the Royal Decree-Law mentioned above. Based on this analysis, the Group has recorded deferred tax assets for unused tax loss carryforwards as well as unused deductions and deductible temporary differences for which it is considered probable that sufficient taxable profit will be generated in the future against which they can be utilized within a reasonable period of time.

The breakdown of unused tax loss carryforwards at December 31, 2019 for the three tax groups represented by Cirsa Gaming Corporation, S.A., the subsidiary Orlando Play, S.A., and Sportium Apuestas Deportivas, S.A. is as follows:

(Thousands of euros)	Unused tax loss carryforwards		
Arising in	**Tax group represented by Cirsa Gaming Corporation, S.A.**	**Tax group whose parent is Orlando Play, S.A.**	**Tax group whose parent is Sportium Apuestas Deportivas, S.A.**
2000	34	-	-
2001	1,890	-	-
2003	5,191	-	-
2004	10,523	-	-
2005	23,894	-	-
2006	276	937	-
2007	11,790	396	-
2008	564	372	2,605
2009	7,241	1,241	4,376
2010	10,889	-	1,021
2011	38,155	-	1,714
2012	9,381	-	301
2013	238	-	5,893
2014	24,347	-	4,092
2015	221	596	2,760
2016	257	908	-
2017	3	-	-
2018	15,672	2,251	-
	160,567	**6,701**	**22,760**

Tax group represented by Cirsa Gaming Corporation, S.A.

At December 31, 2019 and 2018 said tax group recognized deferred tax assets amounting to 35,039 and 26,431 thousand euros, respectively, relating to unused tax loss carryforwards of the tax group. No deferred tax assets were recorded for the rest of unused tax loss carryforwards (which at December 31, 2019 amount to 20,412 thousand euros; 17,098 thousand euros at December 31, 2018), since their future application is uncertain within a reasonable period of time.

In addition to tax credits for tax loss carryforwards, the tax group whose parent is Cirsa Gaming Corporation, S.A. holds additional tax credits amounting to 45,393 thousand euros at December 31, 2019 (2018: 52,534 thousand euros), for unused tax deductions that were not capitalized for not meeting the terms to be utilized.

(Thousands of euros) **Last year for utilization**	**Unused deductions at December 31, 2019**
2019	2,664
2020	2,486
2021	6,591
2022	865
2023	903
2024	1,290
2025	566
2026	419
2027	1,675
2028	717
2029	252
2030	284
2031	268
2032	228
2033	188
2034	192
2035	209
2036	141
No time limit for utilization	25,456
	45,393

Tax group whose parent is Orlando Play, S.A.

In 2010 the tax group 502/10 whose parent is Orlando Play, S.A. was constituted.

At December 31, 2019 the tax group had recognized deferred tax assets amounting to 939 thousand euros (1,169 thousand euros at prior year end) corresponding to unused tax loss carryforwards.

Additionally, said tax group has deferred tax assets related to unused tax loss carryforwards and unused deductions amounting to 736 and 717 thousand euros, respectively (756 and 744 thousand euros, respectively, at the prior year) for which the corresponding deferred tax assets have not been recognized, since the requirements established by the applicable framework for financial information are not met.

Tax group whose parent is Sportium Apuestas Deportivas, S.A.

In 2012 the tax group 324/12 whose parent is Sportium Apuestas Deportivas, S.A. was constituted. As a result of the purchase of the remaining 50% of Sportium Apuestas Deportivas, S.A. by the Group, mentioned in Notes 1.3 and 4.1, the Sportium subgroup has been accounted for in the consolidated financial statements of the Cirsa Group using the full consolidation method. As a result of this event, from the following year, the tax group was dissolved and integrated into the tax group whose parent is Cirsa Gaming Corporation, S.A.

At December 31, 2019 the tax group had recognized deferred tax assets amounting to 5,690 thousand euros (2,857 thousand euros at prior year end) corresponding to unused tax loss carryforwards. This tax group has no unused tax loss carryforwards or unused deductions for which the corresponding asset has not been recorded.

18.5 Other information

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by the tax authorities, or until the corresponding inspection period has expired.

On March 7, 2018 the Group was notified of the start of general verification and investigation proceedings regarding the corporate income tax for the years 2013 to 2016 of the 26/94 tax consolidation group and, on a separate basis, of the companies Cirsa Gaming Corporation, S.A., Cirsa International Gaming Corporation, S.A., Global Game Machine Corporation, S.A., Juegomatic, S.A., Uniplay, S.L. and Universal de Desarrollos Electrónicos, S.A.

On the same date, the Group was also notified of the start of partial verification and investigation proceedings regarding the Value Added Tax, of the group of entities included in the regime of entities for that tax, for the periods comprised between February 2014 and December 2016. Additionally, for these companies, the Group was also notified of the start of general verification proceedings, for the periods comprised between February 2014 and December 2016, regarding withholdings of employees and professionals.

On June 17, 2019 all inspections were concluded. Agreement assessments were signed and a total expense of 244 thousand euros was recorded (and paid).

In general, the prescription periods for countries where the Group has significant presence are between four and five years after the end of the statutory period for filing tax returns. Group Management considers that no significant contingencies exist that would arise as a result of a tax review of the years open to inspection.

19. DISCONTINUED OPERATIONS

As explained in Notes 1 and 2.1, all the activities of the group's business in Argentina, which was sold in 2018 are shown as discontinued operations.

The income statement of discontinued operations breaks down as follows:

(Thousands of euros)	Notes	2018
Income from gaming activities		131,373
Other operating income		8,633
Bingo prizes		(19)
Total operating income		**139,987**
Variable rent		(602)
Total operating income net of variable rent		**139,385**
Cost of sales		(2,906)
Employee benefits expense	21.1	(33,685)
Utilities and external services	21.2	(16,585)
Gaming taxes and other similar taxes		(47,038)
Charge to depreciation and amortization and impairment of assets		(7,419)
Change in operating provisions		(24)
Finance income		1,073
Finance costs		(2,902)
Change in financial provisions		-
Gains/(losses) on investments in associates		582
Exchange gains / (losses), net	21.3	12,779
Gains/(losses) on disposal/derecognition of non-current assets		(70)
Profit before tax		**43,190**
Income tax		(15,458)
Net profit/(loss) for the year from discontinued operations		**27,732**
Profit/(loss) attributable to non-controlling interests from discontinued operations		**(3,455)**
Impact of the sale of companies in Argentina		**(264,643)**
Profit/(loss) from discontinued operations		**(240,366)**

The impact of the sale of Cirsa International Gaming Corporation, S.A. and its subsidiaries at the date of sale (mainly Argentinean) derived from the selling price quantified at 136.7 million euros and the impact of the derecognition from equity of the several accumulated effects thereof. This impact consists of a positive effect on equity of 26 million euros and negative effects on equity due to the reclassification to the income statement of translation differences and non-controlling interests for the remaining amount.

The cash flows would break down as follows:

(Thousands of euros)	2018
Cash flows from operating activities	21,419
Cash flows from investing activities	(28,942)
Cash flows from financing activities	(7,449)
Net cash flows	**(14,972)**

20. LEASES

20.1 Group as lessee

The Group has entered into leases on several buildings and vehicles for an average term between three and ten years, with no renewal clauses.

The Group has also entered into leases on machines with contracts that can be extended annually or which expire within less than 12 months, and on other office equipment of low value.

The table below shows the book values of the right-of-use assets recognized and the movements during the period:

(Thousands of euros)	Balance at January 1, 2019	Additions	Disposals	Translation differences and other changes	Balance at December 31, 2019
COST					
Buildings	259,632	82,518	(1,382)	153	340,921
Vehicles	8,415	2,682	(58)	10	11,050
	268,047	**85,200**	**(1,439)**	**163**	**351,971**
DEPRECIATION					
Buildings	-	(44,100)	616	(58)	(43,452)
Vehicles	-	(3,305)	16	(3)	(3,291)
	-	**(47,405)**	**632**	**(61)**	**(48,833)**
Impairment losses	-	-	-	-	-
Net carrying amount	**268,047**	**37,795**	**(807)**	**102**	**305,137**

The book value of lease liabilities and movements during the period are as follows:

(Thousands of euros)	2019
Balance at January 1	268,047
Additions	85,200
Disposals	(166)
Interest accrued on finance leases	16,966
Exchange gains (losses)	2,598
Payments	(58,384)
Balance at December 31	**314,261**

In turn, the annual maturity of finance lease liabilities es as follows:

(Thousands of euros)	2019
Within 1 year	60,200
Between 1 and 2 years	33,692
Between 2 and 3 years	29,246
Between 3 and 4 years	31,786
Between 4 and 5 years	24,550
More than 5 years	134,787
	314,261

The amounts recognized in the income statement are as follows:

(Thousands of euros)	2019
Depreciation of right-of-use assets	47,405
Interest accrued on finance leases	16,966
Expenses from low-value, short-term and variable leases	28,052
Gains/(losses) on derecognition of right-of-use assets	641
	93,064

The Group made lease payments amounting to 58,384 thousand euros in 2019.

21. INCOME AND EXPENSES

21.1 Employee benefits expense

	2019	2018	
(Thousands of euros)	Continuing operations	Continuing operations	Discontinued operations
Wages and salaries	205,534	228,760	23,653
Social Security	44,090	39,734	7,869
Termination benefits	7,980	3,491	581
Other	10,294	9,865	1,582
	267,898	**281,850**	**33,685**

Remunerations pending payment at December 31, 2019 and 2018 (21,835 and 23,241 thousand euros, respectively) are included in *Other non-trade payables - Sundry creditors* (Note 16).

21.2 Utilities and external services

	2019	2018	
(Thousands of euros)	Continuing operations	Continuing operations	Discontinued operations
Publicity, advertising, and public relations	52,266	45,383	2,182
Leases and royalties	36,475	90,064	1,609
Professional services	35,283	26,052	2,119
Utilities	28,852	26,065	3,532
Repairs and maintenance	20,204	17,491	2,204
Postal services, communications and telephone	10,800	9,809	548
Bank services et al.	9,675	8,387	686
Security services	9,201	8,948	941
Other services	9,098	20,193	1,383
Cleaning services	8,585	7,641	376
Travel expenses	8,457	9,334	239
Insurance premiums	4,875	5,774	120
Transportation	1,691	1,462	646
Development costs and patents (Note 6.2)	12	66	-
	235,474	**276,669**	**16,585**

21.3 Exchange gains (losses)

(Thousands of euros)	2019 Continuing operations	2018 Continuing operations	2018 Discontinued operations
Gains	24,286	14,013	133,380
Losses	(24,652)	(25,526)	(120,601)
	(366)	**(11,513)**	**12,779**

Net exchange gains/(losses) from translation of financial balances in foreign currency between Group companies are recognized in *Translation differences*, as a component that decreases shareholders' equity at December 31, 2019 by 9,361 thousand euros (2018: it decreased shareholders' equity by 594 thousand euros), since they are considered as exchange gains/(losses) arising from monetary components of a net investment in a foreign business.

22. RELATED PARTIES

No Cirsa Group-related companies have entered into any transactions or have any outstanding balances with other subsidiaries of LHMC Topco, S.a.r.l. or the Blackstone Group.

23. CONTINGENCIES

The Group has litigation proceedings, claims and other administrative procedures underway as a result of the normal course of business in the countries where it carries out its activity. However, the Group does not expect that any unprovisioned significant liabilities will arise as a result of the above proceedings.

24. INFORMATION ON ENVIRONMENTAL ISSUES

Given the characteristics of the activities performed by the group companies, at year end it was not necessary to record any expenses and/or investments related to transactions for preventing, reducing or repairing environmental damage.

25. AUDIT FEES

Fees and expenses paid for the audit services provided by the main auditors and other firms belonging to the auditor's international network amounted to 808 thousand euros in 2019 (2018: 740 thousand euros). The fees and expenses for the audit services provided by other auditors amount to 249 thousand euros in 2019 (2018: 228 thousand euros).

In addition, fees and expenses paid for other services provided by the main auditors or other related entities amounted to 869 thousand euros in 2019 (2018: 571 thousand euros).

26. OTHER RELATED PARTIES

The breakdown of the remuneration earned by the key executives of Group Management is as follows:

(Thousands of euros)	2019	2018
Short-term employee benefits	4,021	3,600
Other long-term benefits	3,603	1,000
(Net) payments in LHMC Topco S.à.r.l. shares	-	20,000
	7,624	**24,600**

No additional transactions have been carried out and no other outstanding balances exists with group-related parties.

27. OBJECTIVES AND POLICIES OF FINANCIAL RISK MANAGEMENT

The Group is exposed to credit risk, interest risk, exchange risk and liquidity risk during the normal development of its activities.

The Group's main financial instruments include bonds, bank loans, credit and discount lines, financing obtained through the deferral of gaming taxes, financial leases, deferred payments for purchase of businesses, and cash and current deposits.

The Group's policy establishes that no trading in derivatives (exchange rates insurance) to manage exchange rate risks arising from certain fund sources in U.S. dollars will be undertaken. The Group does not use financial derivatives to cover fluctuations in interest rates, either.

27.1 Credit risk

Most of the operations carried out by the Group are in cash. For receivables from other activities, the Group has established a credit policy and risk exposure in collection is managed in the ordinary course of business. Credit assessments are carried out for all customers who require a limit higher than 60 thousand euros.

Guarantees on loans and credit risk exposure are shown in Note 9.

27.2 Interest rate risk

External finance is mainly based on the issuance of corporate bonds at fixed and floating interest rate. Bank borrowings (credit policies, trading discounts, financial lease agreements) as well as deferred payments with public administrations and other long-term non-trade payables have a variable interest rate that is reviewed annually. Previous Notes show interest rates of debt instruments.

The breakdown of liabilities that accrue interests at 2019 and 2018 year end is as follows:

	2019		2018	
(Thousands of euros)	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate
Bonds	1,462,278	484,116	1,111,727	413,173
Bank borrowings	-	91,789	-	86,060
Other payables	-	19,901	-	32,091
Finance lease liabilities	314,261	-	-	-
	1,766,539	**595,806**	**1,111,727**	**531,324**

At December 31, 2019 financial liabilities at a fixed interest rate represented 71% of total liabilities (68% at 2018 year end). In this regard, the Group’s sensitivity to fluctuations in interest rates is low: a variation of 100 basis points in floating rates would lead to a change in the result amounting to 5,959 thousand euros in 2019 and 5,314 thousand euros in 2018.

The Group estimates that fair value of the financial liabilities' instruments does not differ significantly from the accounted amounts, except for that indicated in Note 14.

The breakdown of assets that accrue interests at 2019 and 2018 year end is as follows:

	2019		2018	
(Thousands of euros)	Fixed interest	Floating interest rate	Fixed interest	Floating interest rate
Loans to joint ventures and associates	3,408	-	5,763	-
Loans to third parties	13,768	16,105	5,193	13,932
Guarantees and deposits	28,989	-	24,826	-
Fixed income securities and deposits	12,551	-	1,198	-
	58,716	**16,105**	**36,980**	**13,932**

The Group estimates that the fair value of the assets' financial instruments does not differ significantly from the net book value.

27.3 Foreign currency risk

The Group is exposed to foreign currency risk in businesses located in Latin America, which affect significantly sales and expenses, Group results and the value of certain assets and liabilities in currencies other than the euro. It is also affected to a lesser extent by granted and received loans. The currency that basically generates exchange risks is the US dollar, since a portion of the corporate bonds is issued in US dollars.

In order to reduce risks, the Group conducts policies aimed to keep balanced collection and payments in cash of assets and liabilities in foreign currency.

The following study on sensitivity shows the foreign currency risk:

- Sensitivity of the profit for the year before tax against fluctuations of the exchange rate US dollar/euro

	Thousands of euros	Thousands of euros
Change	2019	2018
+ 10%	(2,520)	(4,020)
+ 5%	(1,320)	(2,106)
- 5%	1,459	2,328
-10%	3,080	4,914

27.4 Liquidity risk

The exposure to unfavorable situations of debt markets can make difficult or prevent from hedging the financial needs required for the appropriate development of Group activities.

At December 31, 2019 the Group shows negative working capital amounting to 27,543 thousand euros (41,077 thousand euros positive at December 31, 2018). Nonetheless, Group Management considers that cash flow generated by the business and available credit lines will allow the Company to cover its current liabilities. Additionally, the Group obtains very high EBITDA, as shown in the consolidated statement of comprehensive income, which allows it to face debt service without cash difficulties.

Additionally, to manage liquidity risk, the Group applies different measures:

- Diversification of financing sources through the access to different banking and capital markets. In this regard, the Group has an additional borrowing capacity (see quantitative data in Note 15).

- Credit facilities committed for the sufficient amount and flexibility. Accordingly, the Group has available cash and cash equivalents amounting to approximately 123 million euros at December 31, 2019 (2018: 115 million euros), to meet unexpected payments.

- The length and repayment schedule for financing through debt is established based on the financed needs.

In this regard, the Group's liquidity police ensure to meet its payment obligations without requiring the access to funds in costly terms.

Additionally, it is noteworthy that both at Group and individual business level, the Group performs projections regularly on the generation and expected cash needs, in order to determine and monitor the Group's liquidity position.

The relevant information on the maturity dates of financial liabilities based on contractual terms is broken down in Notes 14, 15 and 16.

28. CAPITAL MANAGEMENT POLICY

The main objectives of the Group's capital management are to ensure financial stability in the short and long term, appropriate return rates, increased business value and ensure proper and adequate financing of investments and projects to be conducted in a framework of controlled expansion.

The Group's strategy in 2019 is to enhance the more profitable business and to act decisively on the deficit operations, to significantly improve the results and net cash flows. Control of investments and costs restraint have also been established as a priority action, with satisfactory results.

As stated in Note 14, the contracts entered into in relation to corporate bonds issued include limitations on the payment of dividends. The Company does not intend to distribute dividends in the short to medium term given that the Group policy is not to distribute dividends.

29. SUBSEQUENT EVENTS

On March 11, 2020 the World Health Organization labelled the public health emergency situation caused by the coronavirus (COVID-19) outbreak a global pandemic. The rapid escalation of events, in both Spain and worldwide, is resulting in an unprecedented health crisis that will have an impact on the macroeconomic environment and business evolution. To tackle the issue, the Spanish Government declared, among other measures, a state of emergency through Royal Decree 463/2020, of March 14, and approved a set of extraordinary urgent measures to address the economic and social impact of COVID-19, through Royal Decree Law 8/2020 of March 17.

The Group considers that these events do not entail any adjustment to the financial statements for the year ended December 31, 2019, although they could have an impact on the Company's operations and, therefore, results and future cash flows.

Given the complexity and rapid escalation of events, it is not currently practicable to make a reliable quantified estimate of their potential impact on the Group. Should there be an impact, it would be recorded prospectively in the 2020 financial statements.

The Group is taking appropriate action to deal with the events and minimize their impact, and considers that this is a temporary situation that according to the latest estimates and current cash position will not compromise the Group's ability to continue as a going concern, so it will be able to meet its financial obligations.

Cirsa's activity will be affected by the temporary close-down of bars, casinos, gaming halls, bingos, sporting bets and our manufacturing facilities as a result of the guidelines set out by the governments of the countries in which Cirsa operates.

We would like to inform that Management is doing its best to minimize and mitigate the interruption of the business and its costs. This includes a cash management emergency plan to ensure Cirsa's cash position through detailed prioritization of all payments and optimization of financing sources.

Due to these recent guidelines, on March 13, 2020 the Group drew down its Revolving Credit Facility (RDF) in full as a precautionary measure. As a result, the Group has over 350 million euros in cash in the balance sheet.

Additionally, from December 31, 2019 to the date these financial statements were authorized for issue, no additional significant events took place that required the extension or modification of the contents of these financial statements.

The undersigned, whose positions are indicated under their names, hereby CERTIFY the accuracy and integrity of the special-purpose consolidated financial statements for the year ended 2019 of Cirsa Enterprises Group.

Terrassa, March 23, 2020

Mr. Joaquin Agut Chair	Mr. Lionel Yves Assant Vice-Chair	Mr. Haide Hong Vice-Secretary
Mr. Miguel García		Mr. Antonio Hostench

List of subsidiaries

Company	Activity	Ownership Percentage 2019	Ownership Percentage 2018	Investment holder	Business address	City	Province/Country
Administradores De Personal En Entretenimiento, SA de CV	Bingos	100,00%	100,00%	Bincamex, S.A. de CV.	Guillermo Gonzalez Camanera, 660 Piso 8	México D.F.	México
Ajar, S.A.	Bingos	75,00%	75,00%	Global Bingo Corporation, S.A.U.	Av. Muñoz Vargas, 18	Huelva	Huelva
Alfematic, S.A.	Operacional	50,00%	50,00%	Cirsa Slot Corporation, S.A.U.	Ctra. Rellinars, 345	Terrassa	Barcelona
Amical Trading, S.L.	Operacional	76,76%	76,76%	Global Game Machine Corporation, S.A.U.	C/ Pi i Margall, 201	Terrassa	Barcelona
Ancon Entertainment, INC.	Casinos	50,00%	50,00%	Cirsa International Business Corporation, S.L.U.	Calle 50 y 73 Este San Francisco	Ciudad de Panamá	Panamá
Apple Games 2000, S.L.	Operacional	49,50%	49,50%	Egartronic, S.A.	Sequia de Favara, 11	Picanya	Valencia
Apuestas Electrónicas, S.L.U.	Operacional	75,50%	51,00%	Comercial de Recreativos Salamanca, S.A.U.	C/ 19 y 21 , modulo 12 , nave 2 P.I. El Nevero	Badajoz	Badajoz
Automáticos Essan, S.A.U.	Operacional	100,00%	100,00%	Recreativos Ergosa, S.L.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Automáticos Manchegos, S.L.U.	Operacional	51,00%	51,00%	Interservi, S.A.	Crta. Nacional 420, km 286	Alcazar de San Juan	Ciudad Real
Automaticos Maxorata, S.A.	Operacional	55,00%	55,00%	Comercial Jupama, S.A.	c/ Suarez Naranjo, 45	Las Palmas	Gran Canaria
Azibi Horta, S.A.U.	Bingos	100,00%	-	Talzen Inversions, S.L.U.	Pl. Ibiza, 21	Barcelona	Barcelona
Badamatic, S.A.U.	Operacional	50,00%	-	Radiamon, S.L.	Crta. De Castellar, 298	Terrassa	Barcelona
Bar Juegos, S.L.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Barnabing, S.A.U.	Bingos	100,00%	-	Inversiones Zental, S.L.U.	C/ Calaf, 23	Igualada	Barcelona
Barna-Center, S.A.U.	Operacional	100,00%	-	Cirsa Slot Corporation, S.A.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Barnaplay, S.A.U.	Operacional	100,00%	100,00%	Miky, S.L.	Paseo Maragall, 103 - 105	Barcelona	Barcelona
Bema - Euromatic, S.A.	Operacional	60,71%	60,71%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Bicondal, S.A.U.	Bingos	100,00%	-	Inversiones Zental, S.L.U.	Avenida Paralelo, 91-93	Barcelona	Barcelona
Billares Valencia, S.L.	Operacional	100,00%	-	Coinland,S.A.U.	C/ Convento Santa Clara, 11	Valencia	Valencia
Binale, S.A.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U. y Global Bingo Madrid, S.A.U	General Ricardos, 176	Madrid	Madrid
Bincamex, S.A. de C.V.	Bingos	100,00%	100,00%	International Mex Business, S.L.U.	Cantú, 9 - 601. Colonia Nueva Anzures	México D.F.	México
Bincano, S.A.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U.	Elcano, 30-32	Bilbao	Vizcaya
Bingaser, A.I.E.	Bingos	-	100,00%	Varios	Fermina Sevillano, 5-7	Madrid	Madrid
Bingo Santven, S.A.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U.	Ctra. N-340 Km. 1189	El Vendrell	Tarragona
Bingos Andaluces, S.A.	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Asunción, 3	Sevilla	Sevilla
Bingos Benidorm, S.A.	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Plaza Doctor Fleming, s/n	Benidorm	Alicante
Bingos de Madrid Reunidos, S.A.U.	Bingos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Bingos Electronicos De Panamá, S.A.U.	Casinos	100,00%	100,00%	Gaming & Services De Panamá, S.A.U.	Calle 50 y 73 Este San Francisco	Panamá	Panamá
Bis Line, S.L.	Operacional	87,60%	-	Giga Game System Operation,S.L.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Bumex Land, S.L.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U.	Elcano, 30-32	Bilbao	Vizcaya
Calpe Leisure, S.A.	Operacional	85,00%	-	Eleval, Electronicos Valencia, S.A.U.	c/ German Bernacer, 22 P.I. Elche	Elche	Alicante
Candan, S.A.	Operacional	100,00%	-	Cirsa Slot Corporation, S.A.U.	C/ Colom , 495 bis	Terrassa	Barcelona
Candijoc, S.L.U.	Operacional	100,00%	-	Giga Game System Operation,S.L.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Casino Cirsa Valencia, S.A.U.	Casinos	100,00%	100,00%	Global Casino Technology Corporation, S.A.U.	Avda. de las Cortes Valencianas, 59	Valencia	Valencia
Casino El Cacique, S.A.U.	Casinos	-	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Casino Nueva Andalucía Marbella, S.A.U.	Casinos	100,00%	100,00%	Global Casino Technology Corporation, S.A.U.	Ctra. Cádiz-Málaga Km. 180	Marbella	Málaga
Casinos del Caribe, S.R.L.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U.	Avda. George Washinton, 367 2º Piso Hotel Jaragua	Santo Domingo de Guzmán	R. Dominicana
Casinos Pájaro Trueno, S.A.U.	Casinos	-	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Cat Games, S.L.	Operacional	50,00%	-	Bis Line, S.L. y Tot Patrimoni, S.L.	Ctra. de Castellar, 298	Terrassa	Barcelona
Cirsa+, S.R.L.	Operacional	-	100,00%	Cirsagest, S.P.A.U.	Via Toscana, 31	Buccinasco	Milán
Cirsa Brasil Participaçoes, LTDA.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U.	Rua Gertrudes de Lima, nº 53 - Sala 42 Centro	Santo André	Brasil
Cirsa Estrellas del Caribe, S.A.U.	Casinos	-	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Cirsa Finance International, S.A.R.L.U.	Estructura	100,00%	100,00%	Cirsa Enterprises, S.L.U.	Rue Eugene Rupert, 2 - 4	Luxemburgo	Luxemburgo
Cirsa Gaming Corporation, S.A.U.	Estructura	100,00%	100,00%	Cirsa Enterprises, S.L.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Cirsa Gran Entretenimiento De Costa Rica, S.A.U.	Casinos	-	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Cirsa Interactive Corporation, S.L.U.	B2B	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Cirsa Intenational Business Corporation, S.L.U.	Casinos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	C/ Fermina Sevillano, 5 -7	Madrid	Madrid
Cirsa Italia Holding, S.p.A.U.	Operacional	100,00%	100,00%	Cirsa International Business Corporation, S.L.U.	Centro Direzionale Milanofiori, Strada 2	Assago (Milan)	Italia
Cirsa Italia, S.p.A.U.	Operacional	100,00%	100,00%	Cirsa Italia Holding, S.p.A.U.	Centro Direzionale Milanofiori, Strada 2	Assago (Milan)	Italia

List of subsidiaries

Company	Activity	Ownership Percentage 2019	Ownership Percentage 2018	Investment holder	Business address	City	Province/Country
Cirsa Retail, S.R.L.	Bingos	100,00%	100,00%	Cirsa Italia Holding, S.p.A.U.	Milano Fiori, Strada 2, Palazzo D4	Assago	Italia
Cirsa Servicios Corporativos, S.L.U.	Estructura	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Cirsa Slot Corporation, S.A.U.	Operacional	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Cirsagest, S.P.A.	Operacional	100,00%	100,00%	Cirsa Italia Holding, S.p.A.U.	Centro Direzionale Milanofiori, Strada 2	Assago	Italia
Club Privado De Fumadores Nuestro Espacio	Bingos	100,00%	100,00%	Bingos de Madrid Reunidos, S.A.U.	C/ Bravo Murilo, 309	Madrid	Madrid
Coinland, S.A.U.	Operacional	100,00%	-	Eleval, Electronicos Valencia, S.A.U.	C/ Guadalquivir, 84	Valencia	Valencia
Comdibal 2000, S. L.	B2B	75,50%	51,00%	Universal de desarrollos Electronicos, S.A.U.	Pl. Els Bellots, c/ del Aire, 1	Terrassa	Barcelona
Comercial de Desarrollos Electrónicos, S. A.U.	Operacional	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Pi i Margall, 201	Terrassa	Barcelona
Comercial de Recreativos Salamanca, S.A.U.	Operacional	75,50%	51,00%	Tecnoappel, S.L.	C/ Cuarta, 17 P.I. El Montalvo	Carbajosa de la Sagrada	Salamanca
Comercial Jupama, S.A.	Operacional	50,00%	50,00%	Cirsa Slot Corporation, S.A.U.	c/ Suarez Naranjo, 45	Las Palmas	Gran Canaria
Cotecnic 2000, S.L.U.	Operacional	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Digital Gaming México, S.A.P.I.de C.V.	Apuestas	100,00%	65,00%	Sportium Apuestas Deportivas, S.A.	Boulevard Luis Donaldo Colosio, SA-1	Hidalgo	México
Egartronic, S.A.	Operacional	75,50%	51,00%	Cirsa Slot Corporation, S.A.U.	C/ del Aire, 1 Pol. Ind. Els Bellots	Terrassa	Barcelona
Eleval, Electronicos Valencia, S.A.U.	Operacional	100,00%	-	Giga Game System Operation,S.L.U.	C/ Guadalquivir, 84	Horno de Alcedo	Valencia
Electrónicos Radisa, S.L.	Operacional	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
First Game, S.L.U.	Operacional	100,00%	-	Uniplay, S.A.U.	C/ Fermina Sevillano, 5 -7	Madrid	Madrid
Elettronolo Firenze, S.R.L.U.	Operacional	-	100,00%	Cirsagest, S.P.A.U.	Centro Direzzionale Milanofiori Strada 2, Palazzo D4	Assago	Milán
Ferrojuegos, S.A.	Bingos	-	100,00%	Global Bingo Corporation, S.A.U. y Global Bingo Madrid, S.A.U.	Ferrocarril, 38	Madrid	Madrid
Flamingo Euromatic-100, S.L.U.	Operacional	51,00%	51,00%	Orlando Play, S.A.	P.I. La Juaida, C/Sierra Telar, 40	Viator	Almería
Fomento Advenio 1, S.A. DE C.V.	Bingos	100,00%	-	Bincamex, S.A. de CV.	Monte Caucaso	México D.F.	México
Gaming & Services de Panamá, S.A.U.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U.	Calle 50, PH. Torre Global, piso 40	Ciudad de Panamá	Panamá
Gaming & Services, S.A.C.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U.	Av. Ricardo Palma, 341 Miraflores	Lima	Perú
Garbimatic, S.L.U.	Operacional	50,00%	50,00%	Alfematic, S.A.	Ctra. Rellinars, 345	Terrassa	Barcelona
Garrido Player, S.L.U.	Operacional	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Gema, S.r.l.U.	Bingos	100,00%	100,00%	Cirsa International Business Corporation, S.l.U.	Centro Direzionale Milanofiori, Strada 2, Pal D4	Assago (Milán)	Italia
Genper, S. A.	Operacional	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Pi i Margall, 201	Terrassa	Barcelona
Giga Game System Operation, S.L.	Operacional	100,00%	-	Cirsa Gaming Corporation, S.A.	Crta. De Castellar, 298	Terrassa	Barcelona
Gimar Jocs, S.L.U.	Operacional	100,00%	100,00%	Miky, S.L.	Paseo Maragall, 103	Barcelona	Barcelona
Gimenca,S.A.U.	Bingos	100,00%	-	Inversiones Zental, S.L.U.	Gran Via Corts Catalanes, 642	Barcelona	Barcelona
Global Betting Aragón, S.L.U.	Operacional	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	C/ Jaime Ferran, 5 Pol. Ind. La Cogullada	Zaragoza	Zaragoza
Global Bingo Corporation, S.A.U.	Bingos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Crta. Castellar. 298	Terrassa	Barcelona
Global Bingo Madrid, S.A.U.	Bingos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Global Bingo Stars, S.A.U.	Bingos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Global Casino Technology Corporation, S.A.U.	Casinos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.	Ctra. de Castellar, 298	Terrassa	Barcelona
Global Game Machine Corporation, S.A.U.	Operacional	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Pi i Margall, 201	Terrassa	Barcelona
Global Real State, S.A.S.U.	Casinos	100,00%	100,00%	Winner Group, S.A.	Calle 90 No. 19C-32 P.4	Bogota	Colombia
Global TC Corp., S.A.U.	Casinos	100,00%	100,00%	Gaming & Services de Panamá, S.A.U.	C/ Cuarta, Casa 39 - Urbanización Parque Lefevre	Panamá	Panamá
Goldenplay, S.L.U.	Operacional	51,00%	51,00%	Orlando Play, S.A.	German Bernacer, 22 P.I. Elche Parque Ind.	Elche	Alicante
Grael, S.L.U.	Operacional	100,00%	-	Barna-Center, S.A.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Gran Casino Costa Brava, S.L.	Casinos	90,00%	-	Giga Game System Operation,S.L.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Gran Casino de las Palmas, S.A.	Casinos	51,00%	51,00%	Global Casino Technology Corporation, S.A.U.	c/ Simón Bolivar, 3	Las Palmas	Gran Canaria
Grasplai, S.A.U.	Bingos	100,00%	100,00%	Telma Enea, S.L.U.	Av. Generalitat, 6	Sta. Coloma	Barcelona
Grevaloflal, S.A.U.	Bingos	100,00%	-	Talzen Inversions, S.L.U.	Avda. de la Constitució, 134	Castelldefels	Barcelona
Grupo Cirsa De Costa Rica, S.A.U.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Hosteleria 1000, S.L.U.	Bingos	100,00%	-	Inversiones Zental, S.L.U.	Plaza Ibiza, 21	Barcelona	Barcelona
Iber Matic Games, S.L.	Operacional	75,50%	51,00%	Cirsa Slot Corporation, S.A.U.	C/ Jaime Ferran, 2-4	Zaragoza	Zaragoza
Illa Valles Hosteleria, S.L.U.	Operacional	100,00%	-	Barna-Center, S.A.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Instalaciones Recreativas Mallorca, S.A.U.	Bingos	100,00%	-	Talzen Inversions, S.L.U.	Mallorca, 209	Barcelona	Barcelona
Inmobiliaria Rapid, S.A.C.	Casinos	-	100,00%	Gaming And Services, S.A.C.	Av. Ricardo Palma, 341 Miraflores	Lima	Perú
Integración Inmobiliaria World de Mexico, S.A. De C.V.	Bingos	100,00%	100,00%	Promociones e Inversiones de Guerrero, S.A.P.I. De C.V.	c/ Guillermo Gonzalez Camarena 600 Piso 8	México D.F.	México
International Bingo Technology, S.A.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U	Pi i Margall, 201	Terrassa	Barcelona

List of subsidiaries

Company	Activity	Ownership Percentage 2019	Ownership Percentage 2018	Investment holder	Business address	City	Province/Country
International Mex Business, S.L.U.	Bingos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Interplay, S.A.U.	Operacional	75,50%	51,00%	Egartronic, S.A.	C/ Francia, 26 y 27	Puerto Real	Cádiz
Interservi, S.A.	Operacional	51,00%	51,00%	Cirsa Slot Corporation, S.A.U.	Ctra. Nacional 420, km 289	Alcázar de San Juan	Ciudad Real
Inversiones Interactivas, S.A.	Casinos	70,00%	70,00%	Orbis Development, S.A.U.	C/ 57 y Avenida Obarrio	Ciudad de Panamá	Panamá
Inversiones Zental, S.L.U.	Bingos	100,00%	-	Giga Game System Operation,S.L.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Investment & Securities Iberica, S.A.U.	Casinos	100,00%	100,00%	Cirsa Internacional Business Corporation, S.L.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Juegomatic, S.A.	Operacional	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Av. Velázquez, 91	Málaga	Málaga
Juegos De Azar Oliva Rodon, S.L.U.	Operacional	100,00%	-	Barna-Center, S.A.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Juegos Del Oeste, S.L.U.	Operacional	75,50%	51,00%	Apuestas Electrónicas, S.L.U.	C/ 19 y 21 , modulo 12 , nave 2 P.I. El Nevero	Badajoz	Badajoz
Juegos San José, S. A.	Bingos	47,50%	47,50%	Global Bingo Corporation, S.A.U.	General Mas De Gaminde, 47 Bajos	Las Palmas G.C.	Gran Canaria
La Barra Ancon, S.A.U.	Casinos	50,00%	50,00%	Ancon Entertainment, Inc.	Calle 50 y 73 Este San Francisco	Ciudad de Panamá	Panamá
La Barra Panama, S.A.U.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Calle 50 y 73 Este San Francisco	Ciudad de Panamá	Panamá
La Cafetería del Bingo, S.L.	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Asunción, 3	Sevilla	Sevilla
La Selva Inversiones, S.A.C.U.	Casinos	100,00%	100,00%	Gaming And Services, S.A.C.	C/ Jr. Loreto, 228	Tambopata	Perú
Les Loisirs Du Paradis, S.A.R.L.U.	Casinos	82,00%	82,00%	Resort Paradise AB	Hotel Atlantic Palace Secteur balneaire et touristique	Agadir	Marruecos
L&G Bussines, S.L.U.	Operacional	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Ctra. Castellar, 338	Terrassa	Barcelona
Lightmoon International 21, S.L.U.	Operacional	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Lista Azul, S.A.U.	Bingos	100,00%	100,00%	International Bingo Technology, S.A.U.	Gran Passeig de Ronda, 87	Lleida	LLeida
Losimai, S.A.U.	Operacional	-	100,00%	Cirsa Slot Corporation, S.A.U.	Av. De la Albufera, 129	Madrid	Madrid
Macrojuegos, S.A.	Bingos	51,00%	51,00%	International Bingo Technology, S.A.U.	Dionisio Guardiola, 34	Albacete	Albacete
Majestic 507 Corp, S.A.	Casinos	50,00%	50,00%	Gaming & Services de Panamá, S.A.U.	Calle 50, Calle 73 Este	Ciudad de Panamá	Panamá
Maquilleiro, S.L.U.	Operacional	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Maqui-Ter, S.A.	Operacional	51,00%	-	Eleval, Electronicos Valencia, S.A.U.	Miguel de Cervantes, 12	Teruel	Teruel
Marchamatic Indalo, S.L.U.	Operacional	51,00%	51,00%	Orlando Play, S.A.	C/Sierra Telar, 40	Viator	Almeria
MCA Automatics, S.L.U.	Operacional	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Crta. Castellar, 298	Terrassa	Barcelona
Merengue Bar Gran Casino Jaragua, GCJ, S.R.L.U	Casinos	100,00%	100,00%	Casinos Del Caribe, S.R.L.	Avda. George Washinton, 367 2º Piso	Sto. Domingo de Guzmán	R. Dominicana
Miky, S.L.	Operacional	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	c/ Paseo Maragall, 103 - 105	Barcelona	Barcelona
Montri, S.A.U.	Operacional	75,50%	51,00%	Iber Matic Games, S.L.	C/ del Aire, 1 Pol. Ind. Els Bellots	Terrassa	Barcelona
New Laomar, S.L.U.	Operacional	51,00%	51,00%	Orlando Play, S.A.	c/Sierra Telar, 40	Viator	Almeria
New York Game, S.L.U.	Operacional	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Nightfall Construccions, S.R.L.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Avda. Abraham Lincoln	Santo Domingo	R. Dominicana
Nortia Real Estate Colombia, S.L.U.	Casinos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Oper Ibiza, S.L.	Operacional	51,00%	51,00%	Cirsa Slot Corporation, S.A.U.	C/ dels Llauradors, 45	Sant Antoni de Portmany	Baleares
Operación Banshai, S.A.U.	Casinos	-	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Operadora de Entretenimiento Manzanillo, S.A. de C.V.	Bingos	60,00%	60,00%	Bincamex, S.A. de CV.	c/ Guillermo Gonzalez Camarena 600 Piso 8	México D.F.	México
Operadora Internacional de Recreativos, S.A.	Operacional	51,00%	51,00%	Cirsa Slot Corporation, S.A.U.	c/ Cervantes, 14 1	Gijón	Asturias
Orbis Development, S.A.U.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Swiss Tower, 16th floor, World Trade Center	Ciudad de Panamá	Panamá
Orlando Italia, S.r.l.	Operacional	51,00%	51,00%	Orlando Play, S.A.	Milano Fiori, Strada 2, Palazzo D4	Assago	Italia
Orlando Play, S.A.	Operacional	51,00%	51,00%	Global Game Machine Corporation, S.A.U.	Sierra Telar, 40 P.I. La Juaida	Viator	Almería
Palabingo, S.R.L.	Bingos	56,00%	-	Cirsa Retail, S.R.L.U.	Via Casale, 22	Alessandria	Italia
Patterson Lake Business Services, S.A.U.	Casinos	-	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Playcat, S.A.U.	Bingos	100,00%	100,00%	International Bingo Technology, S.A.U.	Cádiz, 1	Terrassa	Barcelona
Princesa 31, S.A.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U. y Bingos de Madrid Reunidos, S.A.U.	Princesa, 31	Madrid	Madrid
Promociones e Inversiones de Guerrero, S.A.P.I. de C.V.	Bingos	100,00%	100,00%	Bincamex, S.A. de CV.	Guillermo Gonzalez Camarena, 600 P8 Col. Sfe	México D.F.	México
Promociones Sol Ibiza, S.A.	Operacional	51,00%	51,00%	Oper Ibiza, S.L.	C/ dels Llauradors, 45	Sant Antoni de Portmany	Baleares
Radiamon, S.L.	Operacional	50,00%	-	Giga Game System Operation,S.L.U. y Tot Patrimoni, S.L.	Ctra. de Castellar, 298	Terrassa	Barcelona

List of subsidiaries

Company	Activity	Ownership Percentage 2019	Ownership Percentage 2018	Investment holder	Business address	City	Province/Country
Recrea, S.L.	Operacional	80,00%	-	Giga Game System Operation, S.L.U.	C/ C-k, P.I. Cami dels Frares	Lleida	LLeida
Recreativos Arranz, S.L.U.	Operacional	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Recreativos Ergosa, S.L.U.	Operacional	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Recreativos Hatuey, S.A.	Operacional	100,00%	100,00%	Bema - Euromatic, S.A.	Fermina Sevillano, 5-7	Madrid	Madrid
Recreativos Manchegos, S.L.U.	Operacional	51,00%	51,00%	Interservi, S.A.	Ctra. Nacional 420, Km 286	Alcazar de San Juan	Ciudad Real
Recreativos Martos, S.L.U.	Operacional	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Crta. De Castellar, 298	Terrassa	Barcelona
Recreativos Ociomar Levante, S.L.U.	Operacional	51,00%	51,00%	Orlando Play, S.A.	Ctra. De Castellar, 298	Terrassa	Barcelona
Recreativos Panaemi, S.L.U.	Operacional	51,00%	51,00%	Orlando Play, S.A.	c/ German Bernacer, 22 P.I. Elche	Murcia	Murcia
Recreativos Sortia, S.L.U.	Operacional	100,00%	-	Global Game Machine Corporation, S.A.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Recreativos Xativa, S.A.	Operacional	55,00%	-	Eleval, Electronicos Valencia, S.A.U.	C/ Guadalquivir, 84	Horno de Alcedo	Valencia
Red de Bingos Andaluces, A.I.E.	Bingos	-	54,00%	Varios	Martillo, 26	Sevilla	Sevilla
Red de Interconexión de Andalucía, S.L.U.	B2B	100,00%	100,00%	Cirsa Interactive Corporation, S.L.U.	Martillo, 26	Sevilla	Sevilla
Red de salones de Aragón, S.L.U.	B2B	100,00%	100,00%	Cirsa Interactive Corporation, S.L.U.	Ctra. De Castellar, 298	Terrassa	Barcelona
Redeye Games, S.L.U.	Operacional	100,00%	-	Uniplay, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Resort Paradise AB	Casinos	82,00%	82,00%	Cirsa International Business Corporation, S.L.U	Box, 1432	Estocolmo	Suecia
Romgar, S.L.	Bingos	100,00%	100,00%	Telma Enea, S.L.U.	Cayetano del Toro, 23	Cádiz	Cádiz
S.A. Explotadora de Recreativos	Operacional	90,00%	61,40%	Cirsa Slot Corporation, S.A.U.	C/ del Aire, 1 Pol. Ind. Els Bellots	Terrassa	Barcelona
Sadeju, S.L.U.	Bingos	65,00%	65,00%	Telma Enea, S.L.U.	c/ Carlota Alexandre, 106	Torremolinos	Málaga
Sala Valencia, S.A.	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Cuenca, 20	Valencia	Valencia
Sala Versalles, S.A.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U. y Global Bingo Stars, S.A.U.	Bravo Murillo, 309	Madrid	Madrid
Salón de Juegos Portal, S.A.U.	Casinos	-	100,00%	Gaming And Services, S.A.C.	C/ Mercaderes, 303	Arequipa	Perú
Sant Cugat Desarrollo de Tecnologias, S.L.U.	B2B	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Sena, nº 2	Sant Cugat del Valles	Barcelona
Saturno 5 Conexión, S.L.U.	Operacional	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
SCB Almirante Dominicana, S.R.L	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Av. A. Lincoln , 403, La Julia	Santo Domingo	R. Dominicana
SCB Anil Dominicana, S.R.L.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Av. Máximo Gómez / Avda. 27 Febrero	Santo Domingo	R. Dominicana
SCB Grand Victoria Dominicana, SRL	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Avda. Abraham Lincoln	Santo Domingo	R. Dominicana
SCB Hispaniola Dominicana, S.R.L.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Av. A. Lincoln /Correa y Cidron	Santo Domingo	R. Dominicana
SCB Malecon Dominicana, S.A.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Av. George Washington,centro comercial Malecón	Santo Domingo	R. Dominicana
Sertebi, S.A.U.	Bingos	100,00%	-	Inversiones Zental, S.L.U.	Avda. Sarria, 47	Barcelona	Barcelona
Servi D´Aro, S.A.U.	Bingos	100,00%	-	Talzen Inversions, S.L.U.	Avda. Estrasburgo, 11	Castell - Platja D´Aro	Girona
Servicios Especializados Del Juego, S.A. De C.V.	Bingos	100,00%	100,00%	Bincamex, S.A. de CV.	Guillermo González Camarena 600, Piso 8, Santa Fe	México D.F.	México
Servicios Integrales del Juego, A.I.E.	Estructura	-	100,00%	Varios	Ctra. Castellar, 298	Terrassa	Barcelona
Servicios y Distribucion de Recreativos, S.A.U.	Operacional	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Servi-Joc, S.A.	Operacional	85,00%	51,00%	Cirsa Slot Corporation, S.A.U.	Ctra. Rellinars, 345	Terrassa	Barcelona
Sierra Machines, S.A.C.	Casinos	-	100,00%	Gaming And Services, S.A.C.	Av. Ricardo Palma, 341 Miraflores	Lima	Perú
Sobima, S.A.U.	Bingos	100,00%	100,00%	International Bingo Technology, S. A.U.	Av. Velázquez 91-93	Málaga	Málaga
Social Games Online, S.L.	Apuestas	100,00%	100,00%	Cirsa Interactive Corporation, S.L.U.	Ctra. Castellar, 338	Terrassa	Barcelona
Societe Du Casino Le Mirage, S.A.	Casinos	51,00%	51,00%	Cirsa International Business Corporation, S.L.U.	Club Valtur STB, Parcelle nº 31	Agadir	Marruecos
Sodemar, S.L.U.	Bingos	100,00%	100,00%	Telma Enea, S.L.U.	Sacramento, 16 duplicado	Cádiz	Cádiz
Sportium Apostes Catalunya, S.A.U.	Apuestas	100,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Sena, 2	Sant Cugat Del Valles	Barcelona
Sportium Apuestas Andalucia, S.L.U.	Apuestas	100,00%	50,00%	Sportium Apuestas Deportivas, S.A.	Avda. Velázquez, 91 - 93	Málaga	Málaga
Sportium Apuestas Aragon, S.L.U.	Apuestas	100,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Jaime Ferrán, 5	Zaragoza	Zaragoza
Sportium Apuestas Asturias, S.A.U.	Apuestas	100,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ B, Parcela 45B pol. Ind Asipo	Cayes - Llanera	Asturias
Sportium Apuestas Baleares, S.L.U.	Apuestas	100,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Gremi des Sabaters, 21	Palma de Mallorca	Mallorca
Sportium Apuestas Canarias, S.L.U.	Apuestas	100,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Garcia Morato, 1	Telde	Gran Canaria
Sportium Apuestas Castilla La Mancha, S.L.U.	Apuestas	100,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Santa María Magdalena, 10 -12	Madrid	Madrid

List of subsidiaries

Company	Activity	Ownership Percentage 2019	Ownership Percentage 2018	Investment holder	Business address	City	Province/Country
Sportium Apuestas Ceuta, S.L.U.	Apuestas	100,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Gran Vía, 14 entreplanta, puerta A	Ceuta	Ceuta
Sportium Apuestas Colombia, S.A.S.	Apuestas	100,00%	60,00%	Sportium Apuestas Deportivas, S.A.	Carrera 12 Nº 93 - 78 Oficina 501	Bogotá	Colombia
Sportium Apuestas Deportivas, S.A.	Apuestas	100,00%	50,00%	Cirsa Slot Corporation, S.A.U.	C/Santa Mª Magdalena, 10-12	Madrid	Madrid
Sportium Apuestas Digital, S.A.U.	Apuestas	100,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Independencia, 11	Ceuta	Ceuta
Sportium Apuestas Galicia, S.L.U.	Apuestas	100,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Don Pedro, s/n	El Grove - Isla de la Toja	Pontevedra
Sportium Apuestas Levante, S.A.U.	Apuestas	100,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Guadalquivir, 84	Horno de Alcedo	Valencia
Sportium Apuestas Melilla, S.L.U.	Apuestas	100,00%	50,00%	Sportium Apuestas Deportivas, S.A.	Avda. Candido Lobera, 5 Atico 3	Melilla	Melilla
Sportium Apuestas Navarra, S.A.U.	Apuestas	100,00%	50,00%	Sportium Apuestas Deportivas, S.A.	Avda. Barañain, 27 1º A	Pamplona	Navarra
Sportium Apuestas Oeste, S.A.U.	Apuestas	100,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Nevero Doce, Parcela 21	Badajoz	Badajoz
Sportium Apuestas Panama, S.A.	Apuestas	100,00%	60,00%	Sportium Apuestas Deportivas, S.A.	Corregimiento de San Francisco, calle 50 y 73 Este	Panamá	Panamá
Sportium Global Investments, SGI, S.A.	Apuestas	100,00%	60,00%	Sportium Apuestas Deportivas, S.A.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Sportium Servicios de Gestión, S.L.U.	Apuestas	100,00%	-	Sportium Apuestas Deportivas, S.A.	C/ Sena, 2	Sant Cugat del Valles	Barcelona
Sportium Zona Norte, S.A.U.	Apuestas	100,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Las Balsas, 20 nave 49	Logroño	Logroño
Talluntxe, S.A.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U.	Pseo. Miramar, s/n	Salou	Tarragona
Talzen Inversions, S.L.U.	Bingos	100,00%	-	Inversiones Zental, S.L.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Tecnijoc, S.L.U.	Operacional	75,50%	51,00%	Egartronic, S.A.	Gremio de Jaboneros, 3B Pol.I. Son Castello	Palma de Mallorca	Mallorca
Tecnoappel, S.L.	Operacional	75,50%	51,00%	Cirsa Slot Corporation, S.A.U.	Pol Ind Campollano, calle B1	Albacete	Albacete
Tecnologia y Sistemas, S.A.U.	Operacional	100,00%		Eleval, Electronicos Valencia, S.A.U.	C/ Guadalquivir, 84	Horno de Alcedo	Valencia
Tefle, S.A.U.	Bingos	100,00%	100,00%	International Bingo Technology, S.A.U	Tenor Fleta, 57	Zaragoza	Zaragoza
Telma Enea, S.L.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U.	Sevilla, 10-14	Jerez de la Frontera	Cádiz
Tres Rios Hotel la Carpintera, S.A.U.	Casinos	100,00%	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Unidesa Operations Services, S.I.U.	B2B	100,00%	100,00%	Universal de desarrollos Electronicos, S.A.U.	C/ Sena, 2	Sant Cugat del Valles	Barcelona
Uniplay, S.A.U.	Operacional	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Universal de Desarrollos Electrónicos, S. A.U.	B2B	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Universal de Desarrollos Electrónicos, S. A. De C.V.	B2B	100,00%	100,00%	International Mex Business, S.L.U.	Guillermo Gonzalez Camanera, 660 Piso 9 Of. 5	México D.F.	México
Urban Leisure, S.L.	Operacional	75,00%	75,00%	Cirsa Slot Corporation, S.A.U.	Ctra. Rellinars, 345	Terrassa	Barcelona
Verneda 90, S.A.U.	Bingos	100,00%	100,00%	International Bingo Technology, S.A.U.	Guipuzcoa, 70	Barcelona	Barcelona
Winner Group, S.A.	Casinos	50,01%	50,01%	Investments & Securities Iberica, S.A.U.	Calle 90, nº 19c-32, Oficina 401	Santa Fe de Bogotá DC	Colombia
Yumbo San Fernando, S.A.	Bingos	100,00%	60,00%	Global Bingo Corporation, S.A.U.	San Fernando, 48	Santander	Cantabria

List of associates

Company	Activity	Ownership Percentage 2019	Ownership Percentage 2018	Investment holder	Business address	City	Province/Country
AOG, S.r.l.	Bingos	50,00%	50,00%	Gema Srl. U.	Vía Langhena, 1	San Vendemiano	Italia
Automáticos Quintana, S.L.	Operacional	50,00%	50,00%	Comercial Jupama, S.A.	C/ Parque de la libertad, 30	Santa Lucía de Tirajana	Gran Canaria
Audiovisual Fianzas, S.G.R.	Estructura	35,23%	35,23%	Varios	c/ Luis Buñuel, 2 2ª	Madrid	Madrid
Bingo Amico, S.r.l.	Bingos	50,00%	50,00%	Gema, S.r.l.U.	Via Langhena, 1	San Vendemiano	Italia
Binsavo, S. A.	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Ruiz Morote, 5	Ciudad Real	Ciudad Real
Casino la Toja, S.A.	Casinos	50,00%	50,00%	Global Casino Technology Corporation,	Isla de La Toja	El Grove	Pontevedra
Cludeen, S.L.	B2B	50,00%	50,00%	Universal de Desarrollos Electrónicos, S.A.U.	C/ Enrique Mariñas, 36 planta 5 local 1B	A Coruña	A Coruña
Compañía Europea de Salones Recreativos, S.L.	B2B	20,00%	20,00%	Universal de Desarrollos Electronicos, S.A.U.	C/ Toledo, 137	Madrid	Madrid
Competiciones Deportivas, S.A.	Casinos	50,00%	50,00%	Gaming & Services de Panamá, S.A.U.	Calle 50 y 73 Este San Francisco	Panamá	Panamá
Felix Jimenez Morante, S.A.	Operacional	50,00%	50,00%	Cirsa Slot Corporation, S.A.U.	Avda. de los Trabajadores, 12 P.I. La Atalaya	Torrijos	Toledo
Gironina de Bingos, S.L.	Bingos	-	20,60%	International Bingo Technology, S.A.U.	Vía Laietana, 51	Barcelona	Barcelona
Majestic Food Services, S.A.U.	Casinos	50,00%	50,00%	Gaming & Services de Panamá, S.A.U.	Calle 50, Calle 73 Este	Ciudad de Panamá	Panamá
Metroservi Andaluza de Salones, S.L.	Bingos	-	25,00%	Global Bingo Corporation, S.A.U.	C/ Tipografia, 26	Sevilla	Sevilla
Montecarlo Andalucía, S.L.	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Av. Cruz del Campo, 49	Sevilla	Sevilla
Opa Services, S.r.l.	Bingos	30,00%	30,00%	A.O.G., S.r.l.	Torricella, 11	Roma	Italia
Recreativos Miami, S.A.U.	Operacional	-	50,00%	Unión de Operadores Reunidos, S.A.	Avda. Alcalde Portanet, 33 bajo	Vigo	Pontevedra
Recreativos Oropesa, S.L.U.	Operacional	50,00%	50,00%	Felix Jimenez Morante, S.A.	Avda. de los Trabajadores, 12 P.I. La Atalaya	Torrijos	Toledo
Red de Juegos y Apuestas de Madrid, S.A.	Bingos	-	40,00%	Varios	C/Evaristo San Miguel, 2	Madrid	Madrid
Serdisga 2000, S. L.	B2B	50,00%	50,00%	Universal de Desarrollos Electronicos, S.A.U.	Av. Finisterre, 283	La Coruña	La Coruña
Unión de Operadores Reunidos, S.A.	Operacional	50,00%	50,00%	Cirsa Slot Corporation, S.A.U.	C/ Severo Ochoa, 3	A Coruña	A Coruña

Independent Audit Report in accordance with
International Audit Standards

Cirsa Enterprises Group
Special purpose consolidated financial statements
December 31, 2018

Ernst & Young, S.L.
Edificio Sarrià Forum
Avda. Sarrià, 102-106
08017 Barcelona
España

Tel: 933 663 700
Fax: 934 053 784
ey.com

Building a better working world

Translation of a report on special purpose consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

INDEPENDENT AUDIT REPORT ON SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS

To the Finance Management of Cirsa Enterprises, S.L.:

Opinion

We have audited the accompanying special purpose consolidated financial statements of Cirsa Enterprises, S.L. (the Parent) and its Subsidiaries (the Group or Cirsa Enterprises Group), which comprise the consolidated statement of financial position at December 31, 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the explanatory notes thereto, which include a summary of the significant accounting policies (together known as "the consolidated financial statements"). The special purpose consolidated financial statements have been prepared by the Finance Management of Cirsa Enterprises, S.L. on the basis of the financial reporting criteria described in Note 2, since these were the criteria that the Parent Company considers most adequate to achieve the purpose for which they were prepared.

In our opinion, the accompanying consolidated financial statements have been prepared, in all material respects, in conformity with the financial reporting criteria described in Note 2.

Basis for opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). Furthermore, we have complied with other ethical requirements in compliance with IESBA Code.

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

Emphasis of matter paragraph - Basis of accounting and restrictions on distribution and utilization

We draw attention to the accompanying explanatory Note 2, which describes the basis of the accounting principles and criteria used. As indicated in said note, the special purpose consolidated financial statements have not been prepared to meet legal requirements and have been mainly prepared to show one year of activity of the Cirsa Enterprises Group, which would be different from that resulting from the issuance of consolidated annual accounts. Consequently, the consolidated financial statements may not be suitable for other purposes. Our report is intended solely for the Group's Finance Management and must not be distributed to or used by any other parties. Our audit opinion is not further qualified in respect of this matter.

Other matters

The special purpose consolidated financial statements have been audited applying International Auditing Standards. This report can under no circumstances be considered an audit report in the terms established by the prevailing audit regulations in Spain.

Responsibility of Finance Management for the consolidated financial statements

Finance Management are responsible for the preparation of the accompanying special purpose consolidated financial statements in accordance with the financial reporting criteria described in Note 2, and for the internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

As part of an audit in accordance with IAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Finance Management.

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

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

ERNST & YOUNG, S.L.

Joan Tubau Roca

April 8, 2019

Cirsa Enterprises Group

Special Purpose Consolidated Financial Statements for the year ended December 31, 2018

(Translation of Special Purpose Consolidated Financial Statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails)

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Appendix - Detail of subsidiaries at December 31, 2018 and 2017

Cirsa Enterprises Group
Consolidated financial statement of financial position at December 31

ASSETS

(Thousands of euros)	Notes	2018	2017
Non-current assets		2,533,233	1,150,735
Goodwill	5	968,100	92,912
Other intangible assets	6	1,103,676	399,188
Property, plant and equipment	7	297,461	431,050
Investments accounted for using the equity method	8	78,990	57,820
Financial assets	9	39,426	113,225
Deferred tax assets	19.4	45,580	56,540
Current assets		307,546	464,749
Inventories	12	17,903	17,753
Trade and other receivables	9	112,509	185,694
Other financial assets	9	14,886	32,544
Other current assets		10,056	16,569
Cash and cash equivalents	13	152,192	212,189
Total assets		2,840,779	1,615,484

EQUITY AND LIABILITIES

(Thousands of euros)	Notes	2018	2017
Equity		666,757	12,942
Issued capital	14.1	70,663	24,577
Share premium	14.1	635,940	9,500
Treasury shares	14.2	-	(184)
Retained earnings	14.3	125,103	34,174
Translation differences		(1,201)	(362,632)
Profit/(loss) for the year attributable to the Parent		(284,009)	70,828
Non-controlling interests	14.4	120,261	236,679
Non-current liabilities		1,907,553	1,179,650
Corporate bonds	15	1,521,952	938,536
Bank borrowings	16	52,122	37,927
Other non-trade payables	17	31,971	63,570
Provisions	18	12,094	18,396
Deferred tax liabilities	19.4	289,414	121,221
Current liabilities		266,469	422,892
Corporate bonds	15	2,949	4,615
Bank borrowings	16	33,938	69,270
Trade payables		42,761	124,772
Other non-trade payables	17	173,757	208,926
Current income tax payable	19.2	13,064	15,309
Total equity and liabilities		2,840,779	1,615,484

Cirsa Enterprises Group
Consolidated statements of comprehensive income
for the years ended December 31

(Thousands of euros)	Notes	2018	2017* (Restated)
CONTINUING OPERATIONS			
Income from gaming activities		1,824,138	1,748,678
Other operating income		142,923	130,792
Bingo prizes		(226,869)	(217,863)
Total operating income		1,740,192	1,661,607
Variable rent		(271,068)	(265,661)
Total operating income net of variable rent	3.1	1,469,124	1,395,946
Cost of sales		(71,276)	(68,115)
Employee benefits expense	22.1	(281,850)	(228,109)
Utilities and external services	22.2	(276,669)	(256,656)
Gaming taxes and other similar taxes		(511,044)	(492,234)
Charge to depreciation and amortization and impairment of assets	5, 6 & 7	(192,338)	(176,513)
Change in operating provisions		(3,249)	(2,759)
Finance income		2,249	4,012
Finance costs		(136,470)	(68,100)
Chg. in financial provisions		3	-
Gains/(losses) on investments in associates	8	4,578	(90)
Exchange gains / (losses), net	22.3	(11,513)	(1,275)
Gains/(losses) on disposal/derecognition of non-current assets		8,488	(5,023)
Profit / (loss) before tax		33	101,084
Income tax	19.2	(28,378)	(39,139)
Net profit/(loss) for the year from continuing operations		(28,345)	61,945
DISCONTINUED OPERATIONS			
Net profit/(loss) for the year from discontinued operations	20	(240,366)	25,646
Net profit/(loss) for the year		(268,711)	87,591
Profit/(loss) for the year attributable to non-controlling interests	14.4	15,298	16,763
Profit/(loss) for the year attributable to the Parent		(284,009)	70,828

(*) Prior-year figures have been restated as a result of the disposal of the Argentinean companies, an activity that has been discontinued in the current year.

Cirsa Enterprises Group
Consolidated statements of comprehensive income
for the years ended December 31

(Thousands of euros)	Notes	2018	2017* (Restated)
Net profit/(loss) for the year		(268,711)	87,591
Exchange gains (losses)		(1,201)	(54,863)
Tax effect		-	-
Total other comprehensive income that will be reclassified to profit or loss in subsequent years		(1,201)	(54,863)
Total other comprehensive income that will not be reclassified to profit or loss in subsequent years		-	-
Total other comprehensive income for the year, net of tax		(269,912)	32,728
Comprehensive income attributable to:			
Parent Company		(285,210)	15,965
Non-controlling interests	14.4	15,298	16,763
Total other comprehensive income for the year, net of tax		(269,912)	32,728

(*) Prior-year figures have been restated as a result of the disposal of the Argentinean companies, an activity that has been discontinued in the current year.

Cirsa Enterprises Group
Consolidated statement of changes in equity
for the years ended December 31

(Thousands of euros)	Issued capital (Note 14.1)	Share premium	Treasury shares (Note 14.2)	Retained earnings (Note 14.3)	Translation differences	Non-controlling interests (Note 14.4)	Total
At December 31, 2016	**24,577**	**9,500**	**(184)**	**34,174**	**(307,187)**	**250,954**	**11,834**
Net profit/(loss) for the year 2017 (*)	-	-	-	70,828	-	16,763	87,591
Other comprehensive income (*)	-	-	-	-	(55,445)	582	(54,863)
Total 2017 comprehensive income	**24,577**	**9,500**	**(184)**	**105,002**	**(362,632)**	**268,299**	**44,562**
Other movements:							
• Additions for the year – Business combinations	-	-	-	-	-	1,117	1,117
• Dividends paid	-	-	-	-	-	(32,737)	(32,737)
At December 31, 2017	**24,577**	**9,500**	**(184)**	**105,002**	**(362,632)**	**236,679**	**12,942**
Net profit/(loss) for the year 2018 (including effect of sale of Argentinean companies)	-	-	-	(284,009)	391,735	(92,660)	15,066
Other comprehensive income	-	-	-	-	(1,201)	-	(1,201)
Total 2018 comprehensive income	**24,577**	**9,500**	**(184)**	**(179,007)**	**27,902**	**144,019**	**26,807**
Other movements:							
• Contribution by the Sole Shareholder, net of the purchase and sale transaction of the Group	46,086	626,440	184	20,101	(29,103)	2,484	666,192
• Dividends paid	-	-	-	-	-	(26,242)	(26,242)
At December 31, 2018	**70,663**	**635,940**	**-**	**(158,906)**	**(1,201)**	**120,261**	**666,757**

(*) Prior-year figures have been restated as a result of the disposal of the Argentinean companies, an activity that has been discontinued in the current year

Cirsa Enterprises Group
Consolidated cash flow statements
for the years ended December 31

(Thousands of euros)	Notes	2018	2017* (Restated)
Cash flows from operating activities			
Profit/(loss) for the year before tax		33	101,084
Adjustments to profit/(loss) due to:			
Change in operating provisions		2,506	2,759
Depreciation and amortization and impairment losses on non-current assets	5, 6 & 7	193,082	176,512
Gains/(loss) on disposals/derecognition of non-current assets		(8,487)	5,022
Finance costs		129,640	64,178
Exchange gains / (losses), net	22.3	11,513	1,275
Other		14,406	(5,501)
Change in:			
Inventories		(2,007)	(1,152)
Trade and other receivables		3,759	1,569
Suppliers and other accounts payable		6,428	1,588
Gaming taxes payable		(4,991)	(1,217)
Other operating assets and liabilities, net		2,444	(9,112)
Income tax paid		(23,995)	(36,954)
Net cash from continuing operations		324,330	300,051
Net cash from discontinued operations		21,419	35,872
Net cash from operating activities		345,750	335,923
Cash flows from/(used in) investing activities			
Acquisition of property, plant, and equipment		(107,684)	(96,769)
Acquisition of intangible assets		(52,504)	(47,421)
Proceeds from disposal of property, plant and equipment		29,354	34
Acquisition of investments in other companies		(55,058)	(54,110)
Other financial investments		(14,480)	-
Interest received and income from financial investments		2,280	1,287
Net cash used in investing activities from continuing operations		(198,092)	(196,979)
Net cash used in investing activities from discontinued operations		(28,942)	(980)
Net cash used in investing activities		(227,034)	(197,959)
Cash flows from/(used in) financing activities			
Cash inflows from bank loans		1,450,220	1,631,219
Cancelation of bank loans		(1,470,600)	(1,649,914)
Cancelation of bonds		(977,600)	-
Contribution by the Sole Shareholder, net of the purchase and sale transaction of the Group and new bond issue		948,664	-
Finance leases		(400)	-
Interest paid		(92,743)	(65,102)
Dividends paid and other payments		(25,344)	(16,570)

(Thousands of euros)	Notes	2018	2017* (Restated)
Net cash used in financing activities from continuing operations		(167,803)	(100,367)
Net cash used in financing activities from discontinued operations		(7,449)	(21,112)
Net cash used in financing activities		(175,252)	(121,479)
Net increase/(decrease) in cash and cash equivalents		(56,536)	16,485
Net effect of exchange gains/(losses) on cash		(3,459)	(4,287)
Cash and cash equivalents at January 1		212,189	199,991
Cash and cash equivalents at December 31, from continuing operations		152,192	175,099
Cash and cash equivalents at December 31, from discontinued operations		-	37,090

(*) Prior-year figures have been restated as a result of the disposal of the Argentinean companies, an activity that has been discontinued in the current year.

1. GROUP INFORMATION

1.1 Group activity

Cirsa Enterprises, S.L. (hereinafter *the Company or the Parent Company*) and its subsidiaries (hereinafter *the Group or the Cirsa Group*) consist of a set of companies operating in the gaming and leisure sector, carrying out the following activities:

- the design, manufacture and marketing of slot machines that are sold to both group companies and third parties, and the development of interactive gaming mechanisms and systems.

- operation of slot machines, bingo halls and casinos, in both Spain and abroad.

Until December 31, 2017 the Cirsa Group parent company was Cirsa Gaming Corporation, S.A. On July 3, 2018 the company Cirsa Enterprises, S.L. acquired 100% of the shares of Cirsa Gaming Corporation, S.A. from the former shareholders. Cirsa Enterprises, S.L. formerly LHMC Bidco, S.L. was incorporated on November 15, 2017. Information about this transaction is provided in Note 10.

Therefore, the new consolidatable group was born on July 3, 2018 with the inclusion of the Cirsa Gaming Corporation, S.A. subgroup and the bond-issuing company, Cirsa Finance International, S.a.r.l., which was incorporated on May 22, 2018. As indicated in sections 1.2 and 2.1, the consolidated annual accounts of the Cirsa Group will be prepared under International Financial Reporting Standards by its ultimate parent company in Luxembourg, LHMC Topco, S.a.r.l. They will be translated and filed with the Mercantile Registry in due time and form. Consequently, the Company meets the criteria for exemption from preparing consolidated annual accounts under article 43 of the Commercial Code.

As a result of the foregoing, the accompanying consolidated financial statements cannot be considered consolidated annual accounts under Spanish GAAP, but special-purpose consolidated financial statements, whose purpose and basis of presentation are disclosed in section 2.1 below. Although these consolidated financial statements have been prepared on a voluntary basis, they have been authorized for issue by the Board of Directors as if it were a legal requirement.

The 2018 financial statements of the companies comprising the Group have yet to be approved by the corresponding General Meetings of Shareholders or Owners. However, the Board of Directors of the Group Parent expect that the aforementioned financial statements will be approved without significant modification and, therefore, they will have no impact on the special purpose consolidated financial statements.

1.2 Group structure

The Parent Company, which is domiciled in Madrid, at Calle Fermina Sevillano, 5-7, is a subsidiary of its Sole Shareholder LHMC Midco, S.a.r.l., which is in turn a subsidiary of LHMC, Topco, S.a.r.l. (both domiciled in Luxembourg, at Rue Eugène Ruppert, 2-4). The fund that holds the shares of the new Cirsa Enterprises Group is ultimately controlled by The Blackstone Group.

The details of the Company's subsidiaries at December 31, 2018 and 2017 are shown on Appendix I, classified into the following categories:

- Subsidiaries: Subsidiaries are companies controlled either directly or indirectly by the Company so that it can manage the financial and operating policies in order to obtain profit from the investment.

- Joint ventures: The jointly controlled companies are entities ruled by a contractual arrangement between the partners whereby they establish joint control on the business, and which requires the unanimous consent of the venturers regarding the operating decisions.

- Associates: The associates are enterprises not included in the previous two categories and in which there is an ownership interest on a long-term basis that favors their activity, but with limited influence over their management and control.

(NOTA: The 'Ownership percentage' column in Appendix I is obtained by multiplying the successive percentages over the ownership chain and, therefore, shows the final ownership at Company level).

Joint operations in the Argentinean Temporary Joint Ventures (UTE CBA-CIESA and UTE CBA-Magic Star were consolidated until the date of disposal. For comparative purposes, the information affecting some of the items in the balance sheet in 2017 is as follows:

(Thousands of euros)	Figures affected by ownership percentage 2017
Non-current assets	7,360
Current assets	151,291
Non-current liabilities	(19,760)
Current liabilities	(14,771)

1.3 Changes in the scope of consolidation

During 2018 changes have been made to the legal structure of the Group. The most significant one has given rise to the new consolidated Group, Cirsa Enterprises, S.L. and Subsidiaries.

Given the significance of this transaction, a summary thereof and all related considerations have been disclosed in Note 10.

The changes in the scope of consolidation are summarized as follows:

<u>2018</u>

- Acquisition of companies (excluding the transaction disclosed in Note 10)

(Thousands of euros)	% voting rights	Consolidation method	Total Assets in the consolidated statement of financial position at December 31, 2018	Operating Income in the 2018 consolidated statement of comprehensive income
SGB 2 SRLU (*)	100%	Full	-	-
Casinos del Caribe, S.R.L. (**)	100%	Full	14,868	1,261
Acquisitions of Nortia Group companies (***)				
Unión de Operadores Reunidos, S.A. (****)	50%	Equity method	16,146	-
Societé du Casino Le Mirage, S.A.	51%	Full	2,339	2,239
Felix Jimenez Morante, S.A.	50%	Equity method	827	-
Recreativos Oropesa, S.L.U.	50%	Equity method	62	-
Talluntxe, S.A.U.	100%	Full	1,783	1,973
			36,025	5,473

(*) The company SGB2 was acquired in January 2018 by the group company Cirsagest, S.p.a. During October 2018 it merged with said company. Consequently, total assets and operating income contributed to the consolidated group is included in the financial statements of Cirsagest.

(**) At the date of gaining control Casinos del Caribe, S.R.L wholly owned the company Merengue Bar Gran Casino Jaragua, G.C.J, S.R.L.U.

(***) Companies acquired from the Nortia Group during 2018, in addition to the Cirsa subgroup as a result of the purchase and sale transaction carried out on July 3, 2018.

(****) At the date of gaining control Unión de Operadores Reunidos, S.A. wholly owned the company Recreativos Miami, S.A.U.

All acquisitions shown in the table above have given rise to a business combination. Additionally, another business combination has been carried out in Mexico, which has been integrated into the financial statements of Promociones e Inversiones de Guerrero, S.A.P.I de C.V., whereby a gambling hall was acquired, agreeing to the purchase of fixed assets (slot machines) and intangible assets (exclusive rights over the activity and portfolio of customers) for an overall amount of 16,306 thousand euros.

The information on the business combinations carried out during the year, excluding the one disclosed in Note 10, is shown in Note 4.

- Incorporation of companies

During 2018 the following companies have been incorporated:

(Thousands of euros)	% held by the Group	Consolidation method	Total Assets in the consolidated statement of financial position at December 31, 2018	Operating income in the 2018 consolidated statement of comprehensive income
Cirsa Finance International, S.A.R.L.U.	100%	Full	75	-
Cirsa International Business Corporation, S.L.U	100%	Full	3,360	62
Nortia Real State Colombia, S.L.U	100%	Full	-	-
Unidesa Operations Services, S.L.U.	100%	Full	-	-
Sportium Global Investments, SGI, S.A.	60%	Equity method	-	-
			3,436	62

The information on the percentages of voting rights, consolidation methods and other information on the companies above is shown in Appendix I.

- Sale of companies resulting in loss of control

During the current year, the following companies have been sold resulting in a loss of control and/or significant influence on their businesses:

	Ownership % at prior year end	Consolidation method at prior year end	Ownership % after the sale	Consolidation method after the sale
Recreativos Trece, S.L.	50%	Equity method	-	-
Disposals of Nortia Group companies (*)				
Complejo Hotelero Monte Picayo, S.A.U.	100%	Full	-	-
Jesali, S.A.U.	100%	Full	-	-
Casino de Asturias, S.A.	40%	Equity method	-	-
Gestión del Juego Integral, S.A.U.	100%	Full	-	-
Cirsa Panamá, S.A.U.	100%	Full	-	-
Silver Cup Gaming, Inc.	50%	Equity method	-	-
Las Perlas Beach Resort, Co	17%	Equity method	-	-
Cirsa Venezuela, C.A.U.	100%	Full	-	-
Cirsa Caribe, C.A.	70%	Full	-	-
Cirsaecuador, S.A.U.	100%	Full	-	-
Ariv, S.A (ARG)	50%	Equity method	-	-
Casino Buenos Aires, S.A. (ARG)	100%	Full	-	-
CBA-CIESA, UTE	50%	Proportional	-	-
Casino Rosario (ARG)	50%	Full	-	-
Ivisa- Casino Buenos Aires. U.T.E. (ARG)	100%	Full	-	-
Traylon, S.A. (ARG)	55%	Full	-	-
Magic Star, S.A. (ARG)	50%	Proportional	-	-
Sobreaguas, S.A. (ARG)	100%	Full	-	-
Alavera, S.A. (ARG)	50%	Equity method	-	-
Emjucasa, S.A. (ARG)	50%	Equity method	-	-
Binbaires, S.A. (ARG)	33%	Equity method	-	-
Bingames, S.A.U.	100%	Full	-	-
Cirsa International Gaming Corporation, S.A.U.	100%	Full	-	-

(*) Companies sold to the Nortia Group during 2018, as a result of the purchase and sale transaction carried out on July 3, 2018.

The results from these sales in the consolidated financial statements are detailed in the following table:

(Thousands of euros)	Change in non-controlling interests	Results from the sale
Recreativos Trece, S.L.	-	(286)
Companies sold to Grupo Nortia Business Corporation, S.L.	(107.958)	(240,366)
	(107,958)	(240,652)

The impact of the disposal of the group of companies of which Cirsa Gaming Corporation, S.A. was the parent to Grupo Nortia Business Corporation, S.A. after the sale includes the change in non-controlling interests and the results from the sale, that is, the year-on-year results of the companies sold plus the results from the sale of said companies.

- Change in the ownership percentage or consolidation methods

The changes in the ownership percentage or consolidation method during 2018 are as follows:

(Thousands of euros)	Consolidation method		Consolidation method	
	2018	2017	2018	2017
New York Games, S.L.U.	Full	Full	100%	50%
Cirsa +, S.R.L.	Full	Full	100%	51%

The changes in the table above correspond to the acquisition of ownership interests in said companies until reaching 100%. However, the consolidation method has not changed since the full consolidation method was already used in the prior year.

- Other changes in equity

During the current year Global Manufacturing Corporation, S.A., Sternal Bay Venezuela, C.A. and Cirsa Funding Luxembourg, S.A. were dissolved and wound up. The first two companies were dormant or showed low activity and their dissolution and wind-up have generate no significant results for the Group. The third company was the holding of the previously issued bonds, which have been early repaid during the current year.

Additionally, during the current year, the company Cirsagest, SPAU has taken over the company SGB 2 SRLU, which has also become a Cirsa group company during the current year (see section *Acquisition of companies*). Logically, this take-over transaction has had no impact on the Group's consolidated financial statements.

Additionally, in 2017 there were changes in the corporate names of several companies that belonged to the Group; Madrileña de Servicios para Bingo, S.L. became International Mex Business, S.L., Global Gaming became Global Real State SAS and, lastly, Caballo 5, S.L. became Sant Cugat Desarrollos de Tecnologías, S.L.

2017

- Acquisition of companies

(Thousands of euros)	% voting rights	Consolidation method	Total Assets in the consolidated statement of financial position at December 31, 2017	Operating income in the 2017 consolidated statement of comprehensive income
Miky, S.L. (*)	100%	Full	49,083	14,353
Barnaplay, S.A.	100%	Full	901	2,268
Gimar Jocs, S.L.	100%	Full	1,493	510
Bingo Santven, S.A.U.	100%	Full	7,015	9,699
Global TC Corp, S.A.U.	100%	Full	1,783	316
Triveneto Games S.R.L.	100%	Full	1,084	-
Sierra Machines, S.A.C.	100%	Full	16,152	10,875
Inmobiliaria Rapid, S.A.C.	100%	Full	12,195	3,086
L&G Business, S.L.	100%	Full	87	2
Recreativos Ergosa, S.L.U.(**)	100%	Full	1,034	186
Automáticos Essan, S.A.U.	100%	Full	502	76
MCA Automatics, S.L.	100%	Full	8,143	200
Social Games Online, S.L.	100%	Full	3,393	-
Italtronic, S.R.L.	100%	Full	4,815	717
Operadora De Entretenimiento Manzanillo, S.A.	60%	Full	5,104	3,668
Promociones Sol Ibiza, S.A.	51%	Full	649	19
			113,433	45,975

(*) At the date of gaining control Miky S.L. wholly owned the companies Barnaplay, S.A. and Gimar Jocs, S.L.
(**) At the date of gaining control Recreativos Ergosa, S.L.U. wholly owned the company Automáticos Essan, S.A.U.

All acquisitions shown in the table above have given rise to a business combination. Additionally, in Colombia and Mexico two additional business combinations have been carried out and integrated into the financial statements of Winner Group, S.A. (Colombia) and Promociones e Inversiones de Guerrero, S.A. (Mexico), whereby two gambling halls have been acquired for 5.9 and 3.1 million euros, respectively. The operating revenues generated by these acquisitions amount to 2,547 thousand euros and 1,531 thousand euros, respectively.

The information on the business combinations carried out during the year is shown in Note 4.

- Incorporation of companies

In 2017 the following companies were incorporated:

(Thousands of euros)	% held by the Group	Consolidation method	Total Assets in the consolidated statement of financial position at December 31, 2017	Operating income in the 2017 consolidated statement of comprehensive income
Cirsa Brasil Participaçoes, LTDA	100%	Full	-	-
Sportium Apuestas Andalucia, S.L.U.	50%	Equity method	2,959	-
Sportium Apuestas Colombia, S.A.S.	60%	Equity method	878	-
Sportium Apuestas Ceuta, S.L.U.	50%	Equity method	9	-
New York Games, S.L.U	50%	Equity method	1	-
			3,847	-

The assets shown in the table above for the companies that are consolidated using the equity method relate to the investments, resulting from applying said method, recorded in the consolidated statement of financial position at December 31, 2017.

- Sale of companies resulting in loss of control

During 2017, the following companies were sold resulting in a loss of control and/or significant influence on their businesses:

	Ownership % at prior year end	Consolidation method at prior year end	Ownership % after the sale	Consolidation method after the sale
Gestión Bingos Gobylan, S.A.(*)	100%	Full	-	-
S.C.B. Margarita, C.A.	100%	Full	-	-
Cirsa Insular, C.A.	100%	Full	-	-
Tirrenogames, S.R.L.	50%	Equity method	-	-
Giochigenova,S.R.L.	50%	Equity method	-	-
			-	-

(*) At both December 31, 2016 and the date of sale, the company Gestión de Bingos Gobylan, S.A. held equity instruments representing 4.63% of the company Red de Bingos Canarios, S.A.

The results from these sales in the consolidated financial statements are detailed in the following table:

(Thousands of euros)	Change in non-controlling interests	Results from the sale
Gestión Bingos Gobylan, S.A.	-	(388)
S.C.B. Margarita, C.A.	-	-
Cirsa Insular, C.A.	-	-
Tirrenogames, S.R.L.	-	284
Giochigenova,S.R.L.	-	476
	-	372

The total assets and operating income that these companies contributed to the consolidated statement of financial position at December 31, 2016 and the 2016 consolidated statement of comprehensive income, respectively, are shown below:

(Thousands of euros)	Total Assets in the consolidated statement of financial position at December 31, 2016	Operating income in the 2016 consolidated statement of comprehensive income
Gestión Bingos Gobylan, S.A.	1,893	4,911
S.C.B. Margarita, C.A.	4	-
Cirsa Insular, C.A.	160	-
Tirrenogames, S.R.L.	1,217	-
Giochigenova,S.R.L.	422	-
	3,696	4,911

The assets shown in the table above for the companies that at 2016 year end were consolidated using the equity method (Tirrenogames, S.R.L. and Giochigenova,S.R.L.) relate to the investments, resulting from applying said method, recorded in the consolidated statement of financial position at December 31, 2016.

- Other changes in equity

During 2017 the companies Binred Madrid, S.A., Hostebar 98, S.L., Cirsa Amusement France, S.A., Entidad Gestora del Bingo Siglo XXI, S.L.U., Pol Management Corporation, BV., Polispace S.L., International Gaming Manufacturing, S.A., Global Cinco Estrellas, S.A., Gestora de Inversiones Cobiman, S.L.U., Binelec, S.L., Global Amusement Partners Corp, S.A., and Push Games S.L. were dissolved and wound up. These companies were dormant or showed low activity and their dissolution and wind-up did not generate any significant results for the Group.

Additionally, during the current year the companies Gonmatic, S.L.U. and Electrónicos Trujillanos, S.L.U. have been taken over by Uniplay S.A.; Triveneto Games, S.r.l. has been taken over by Cirsagest, S.P.A.; Recreativos Rodes, S.A.U. has been taken over by Genper, S.A. and the companies Promociones Tauro, S.L.U, Mabel 96, S.L.U. and Automaticos Siglo XXI, S.L. have been taken over by Juegomatic, S.A.

2. BASIS OF PRESENTATION AND ACCOUNTING STANDARDS

2.1 Basis of presentation of the special purpose financial statements

The Group prepares consolidated financial statements in accordance with the International Financial Reporting Standards adopted by the European (IFRS-EU) Union published by the International Accounting Standards Board (IASB) and further interpretations. At the date these consolidated financial statements were authorized for issue, the consolidated annual accounts of the Cirsa Group in Luxembourg had not yet been prepared by LHMC Topco, S.a.r.l.

Except for that indicated below and Notes 2.1.1 and 2.1.2, the accounting policies used in the preparation of these special purpose consolidated financial statements meet every prevailing standard at the date they were authorized for issue. The International Financial Reporting Standards as adopted by the European Union establish application alternatives in some cases. The options applied by the Group are described in the several accounting policies detailed in these Notes.

The special purpose consolidated financial statements have been prepared in order to present information on the consolidated financial position and results of the Cirsa Group's gaming business for a whole financial year, and for comparative purposes, to present fair and useful information to the users of the special purpose consolidated financial statements, mainly, the holders of the bonds issued by the Group in Luxembourg. In this regard, certain premises are included herein, which are indicated in the subnotes below, that do not agree with the International Financial Reporting Standards as adopted by the European Union, only in relation to said additional premises.

Specifically, although the Group is not required to present comparative information in the current year as this is a new consolidatable Group, the 2018 consolidated financial statements, which have been prepared at historical cost, show the 2017 figures for the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes there to for comparative purposes.

This matter is described in greater detail in Notes 2.1.1 and 2.1.2 below.

2.1.1 Premises used in the preparation of the special purpose consolidated financial statements

The adjustments introduced by the Group's Finance Management to prepare the accompanying consolidated financial statements are summarized as follows:

- The special purpose consolidated financial statements include the financial information on the audited 2017 consolidated annual accounts of Cirsa Gaming Corporation, S.A. and Subsidiaries. The 2017 financial information is identical to the information authorized for issue in said consolidated annual accounts, except for the discontinued activities (explained below) and a reclassification between Other financial assets and Cash and cash equivalents amounting to 30,970 thousand euros corresponding to cash in hoppers.

- The financial information on the 2018 consolidated financial statements has been prepared from Cirsa Gaming Corporation, S.A. and Subsidiaries for the first six months of the current year, and from then on includes the effects of the business combination that Cirsa Enterprises, S.L. (the acquiring company) made on the Cirsa Group, as well as the integration of the new financial debt (and finance cost) related to the corporate bonds issued by Cirsa Finance International, S.a.r.l. in 2018. Consequently, the special purpose consolidated financial statements include a consolidated statement of comprehensive income, a consolidated statement of changes in equity and a consolidated cash flow statement for a 12-month period instead of a 6-month period, which would be presented considering that the parent company, Cirsa Enterprises, S.L., acquired the shares of the Cirsa Gaming Corporation Group and gained control over it on July 3, 2018.

- Both the statement of changes in equity and the cash flow statement include a line called 'Contribution by the Sole Shareholder, net of the purchase and sale transaction of the Cirsa Group and the new bond issue' for the effect on the Cirsa Group's equity and cash of the capital increase, the issue of new corporate bonds and the (paid) purchase and sale transaction of the Group.

- The income statement of the gaming business in Argentina has been discontinued as a result of the purchase and sale transaction described in Note 1, since the companies included in said scope have been transferred to Nortia Business Corporation, S.L., and classified in both the 2018 and 2017 income statements as 'Discontinued operations'.

The business combination for the purchase of Cirsa Gaming Corporation, S.A. by Cirsa Enterprises, S.L. and its accounting effects (in relation to the aforementioned consolidation adjustments and those derived from the application of the 'Purchase Price Allocation' of IFRS 13 *Business Combinations*) remain at the date of acquisition (July 3, 2018).

2.1.2 Other basis of presentation of the special purpose consolidated statement of financial position

- Information to be disclosed in the Notes

The International Financial Reporting Standards as adopted by the European Union require that the presentation of the Notes help the users understand the financial statements and compare them with those presented by other entities. For this purpose, the information disclosed in these Notes has been considered appropriate and sufficient, and therefore, it was not deemed relevant to include any other disclosures required by Spanish legislation but not required by the International Financial Reporting Standards.

- Comparative information

Under the International Financial Reporting Standards as adopted by the European Union, a new consolidatable Group is not required to present comparative information. As mentioned above, and since this information is necessary for the users of these consolidated financial statements, (i.e. the bond holders), comparative information has been presented for all statements and notes, except for the exemptions indicated in Note 2.1.1 above.

Except for the aforementioned premises and those indicated in Note 2.1.1, the accounting principles and criteria used in the measurement and presentation of the assets and liabilities of the Cirsa Enterprises Group at December 31, 2018 agree with the principles and criteria set forth in the International Financial Reporting Standards as adopted by the European Union. In any case, due to the aforementioned exceptions, the financial statements are not presented in accordance with Financial Reporting Standards as adopted by the European Union but with the specific accounting bases described in Note 2.

2.2 Estimates and judgments

The preparation of the consolidated financial statements requires Group Management to exercise judgment and to make estimates and assumptions that affect the application of the accounting policies and the recorded assets, liabilities, income and expenses. The estimates and assumptions taken into account have been based upon historical experience and other factors which were considered to be reasonable in the light of the circumstances. Consequently, the results obtained could differ from those assumptions

The estimates and assumptions are continuously reviewed. Any changes to accounting estimates are recognized in the period they are made if they apply solely to that period, or for that period and subsequent periods if they affect both. The key estimates and judgments are as follows:

- Business combinations and goodwill

The Group assesses for each business combination, the fair value of assets, liabilities and acquired contingent liabilities, allocating the cost of the business combination to the identified elements. Likewise, goodwill arising from the acquisition is assigned to its corresponding cash-generating unit, based on expected synergies, for subsequent impairment tests (Note 11). As a result of the purchase and sale of the shares of Cirsa Gaming Corporation, S.A. a business combination has arisen, with a consideration paid of 1,453 million euros and an excess price that has been assessed and allocated (purchase price allocation) according to the analysis made by an independent expert.

- Impairment of assets

The Group assesses for impairment at year end for all non-financial assets which carrying amount could be unrecoverable. Goodwill and intangible assets with an indefinite useful life are tested for impairment annually, or when there is evidence of impairment, based on financial projections and estimates of future operating cash flows. During 2018 the Group has not recorded any impairment loss on goodwill or assets (2017: impairment losses of 5.8 million euros on goodwill and 0.5 million euros on assets) (Note 11).

- Useful life of non-current assets with finite lives.

The Group regularly reviews the useful lives of its items of property, plant and equipment and intangible assets. If its estimates of useful life are changed, it prospectively adjusts allocations to depreciation or amortization. During the years 2018 and 2017 it was not necessary to readjust the useful life of any non-current asset with finite life.

- Recoverability of deferred tax assets

When the Group, or any of the companies included in it, recognizes deferred tax assets, the estimated taxable profits that will be generated in future years are reviewed at year end in order to assess their recoverability, and any impairment loss is recognized accordingly. At December 31, 2018 the Group has recorded deferred tax assets amounting to 45,580 thousand euros (56,540 thousand euros at December 31, 2017), as indicated in Note 19.4.

- Provision for taxes and other risks

Provisions are recognized for taxes and risks that will probably arise based on related studies. At December 31, 2018 the Group has recorded provisions for taxes and other risks amounting to 12,094 thousand euros (18,396 thousand euros at December 31, 2017), as detailed in Note 18.

- Consolidation methods

The assessment of whether control is exercised when the Group does not have absolute majority of voting rights, but agreements with the other shareholders have been reached, requires the Group to make estimates and judgments to determine whether it has unilateral rights to manage relevant activities in accordance with IFRS 10. Additionally, in order to establish the consolidation method of certain entities over which control is not exercised also requires Group Management to make judgments and estimates to determine whether they are considered jointly controlled companies, joint operations or associates.

2.3 Standards and interpretations approved by the European Union applied for the first time in 2018

The accounting policies used in the preparation of these special purpose consolidated financial statements comprise all applicable standards at the beginning of the period, including those that came into force in the current year:

- IFRS 9 *Financial instruments*

IFRS 9 *Financial instruments* replaces IAS 39 *Financial instruments: recognition and measurement*. This standard consolidates the three phases of the financial instrument project: classification and measurement, impairment and hedge accounting. Except for hedge accounting, which has been prospectively applied, the Group has applied the standard retrospectively, but has not restated comparative information.

The application of IFRS 9 has not resulted in any changes in the statement of financial position and equity at January 1. As for the effect of applying the requirements for determining impairment, given the Group's activity, there has been no increase in impairment losses.

1. Recognition and measurement

There have been no changes in the statement of financial position or equity as a result of the classification and measurement requirements of IFRS 9. All financial assets measured at fair value continue to be measured at fair value.

It is expected that unlisted company shares will be kept in the foreseeable future. The Group has opted to present changes in fair value in other comprehensive income and, therefore, no significant impact has been recorded.

Its loans and trade receivables are held to collect contractual cash flows which are only expected to take the form of principal and interest payments. The Group analyzed the characteristics of the cash flows from these instruments and concluded that they meet the criteria for being measured at amortized cost in accordance with IFRS 9. Consequently, these instruments need not be reclassified.

2. Impairment

IFRS 9 requires the Group to recognize expected credit losses (ECLs) in respect of all of its debt securities, loans and trade receivables either on a 12-month or lifetime basis. The Group applies the simplified approach and recognizes expected losses on all trade receivables. Due to the nature of the loans and receivables from its respective businesses, the Group has determined that there has been no impact on impairment losses.

3. Hedge accounting

The Group has had no impact as a result of applying hedge accounting since it has not entered into any cash flow or fair value hedges.

- IFRS 15 *Revenue from Contracts with Customers.*

IFRS 15, which was published in May 2014 and amended in April 2016, establishes a new five-step model applicable to the recognition of revenue from contracts with customers. Under IFRS 15, revenue must be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer.

This standard repeals all prior revenue recognition related standards. The Group adopts the new standard on the required application date using the partial retrospective approach.

The Group's business mainly consists in:

- the design, manufacture and marketing of slot machines that are sold to both group companies and third parties, and the development of interactive gaming mechanisms and systems.
- Operation of slot machines, bingo halls, casinos and lotteries, in both Spain and abroad.

(a) Marketing of slot machines

The application of this standard has had no impact on the Group's results for contracts with customers under which the sale of machines is generally the only contractual obligation. The Group expects to recognize the related revenue when control of the asset is transferred to the customer, which is customarily when the goods are delivered.

(b) Operation of slot machines, bingo halls, casinos and lotteries

1. Loyalty points program

Under IFRIC 13 *Customer loyalty programs*, the loyalty program offered by the Group in its casinos division results in the allocation of a portion of the transaction price to the loyalty program using the fair value of points issued, and the recognition of deferred revenue in relation to points issued but not yet redeemed or expired (called "Player tracking" by the Group). Group Management have quantified this matter as not significant enough to require an adjustment in the consolidated financial statements.

2. Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. Given the Group's activity, the information included in these special purpose consolidated financial statements is considered to be appropriate and sufficient in connection with the application of this standard.

2.4 Standards and interpretations published by the IASB, but not applicable in the current year

The Group intends to adopt the standards, interpretations and amendments issued by the IASB, whose application is not mandatory in the European Union as at the date of authorizing the accompanying special purpose consolidated financial statements for issue, when they are effective, to the extent applicable to the Group.

IFRS 16 - *Leases*

IFRS 16 was issued in January 2016 and supersedes IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC 15 *Operating leases - Incentives* and SIC 27 *Evaluating the Substance of Transactions in the Legal Form of a Lease*. IFRS 16 establishes principles the recognition, measurement, presentation and disclosure of leases, and requires lessees to record all leases under a single lessee accounting model similar to the current recognition of finance leases in accordance with IAS 17.

IFRS 16 establishes that lessees shall recognize in the consolidated balance sheet a financial liability for the present value of the payments to be made over the remaining life of the lease agreement and a right-to-use asset for the underlying asset, which is measured based on the amount of the associated liability, to which the initial direct costs incurred are added. Additionally, the recognition criteria for lease expenses has changed. Lease expenses are now recorded as a depreciation charge for the lease asset and as a financial expense for the lease liability. As for current lessor accounting, the standard does not substantially change and entities shall continue to classify the lease as an operating or finance lease based on the extent to which risks and rewards inherent to the ownership of the asset are substantially transferred.

The Cirsa Group has applied the following policies, estimates and criteria:

- The Group has applied the exemption from recognizing leases in which the underlying asset is a low-value asset (below 5,000 US dollars) and matures in the short term (maturity below or equal to 12 months).

- The Group has applied the practical expedient indicated in paragraph C3 of appendix C to IFRS 16 that stipulates that an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application.

- The Group opted not to recognize the components that are not leases separately from those that are leases for those assets in which materiality of these components is not significant in respect of the total value of the lease.

- For transition purposes, the Group decided to apply the modified retrospective approach, under which comparative information for prior years will not be restated.

- The Group decided to measure the initial right-of-use asset for an amount equal to the lease liability at January 1, 2019 for all lease agreements.

- An incremental borrowing rate has been applied by homogeneous portfolio of leases, country and lease term. Incremental interest rates at the date of initial application have been around 2% in Spain and Italy, and between 4% and 13% in Latin America.

- In order to determine the lease term as the non-cancelable period of the lease the Group has considered the initial term of each lease, considering that it is not reasonably certain whether the unilateral option to extend or terminate the lease, if any, will be exercised.

The estimated impacts from the initial application at January 1, 2019 of the IFRS are summarized below, although the Group is working on setting the resulting adjustment.

- Recognition of assets in the 'Right-of-use assets' caption (non-current asset) for an approximate amount of 265 million euros and increase in debt in the 'Non-current and current finance lease liabilities' amounting to 212 and 53 million euros, respectively. They basically correspond to leases on offices, vehicles, buildings and halls where the Group's gaming activities are carried out.

The main estimated impact that the application of IFRS 16 would have had on the consolidated statement of comprehensive income for the annual period ended December 31, 2018 would have been:

- Increased depreciation expense for the right-of-use asset for an approximate amount of 56 million euros offset by decreased operating expenses and, consequently, increased gross operating profit, as well as increased finance costs for the lease liabilities; in any case, the consolidated profit/(loss) for the period would not be significantly affected.

IFRIC 23 Uncertainty over income tax treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following aspects:

- whether an entity considers uncertain tax treatments separately.
- the assumptions an entity makes about the examination of tax treatments by taxation authorities.
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

An entity shall determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. The interpretation is effective for annual periods beginning on or after January 1, 2019, although some exemptions on transition are permitted.

The Group will apply the interpretation as from its effective date. Although the Group operates within a complex multinational tax environment, no significant impact is expected from this standard.

Annual improvements to IFRS – 2015-2017 Cycle

The IASB has made the following amendments to the standards, which the Group does not expect to have any significant impact:

IFRS 3 Business combinations – Previously held interest in a joint operation

The amendments to IFRS 3 clarify that when an entity obtains control of a business that previously was a joint operation, it shall apply the requirements for business combinations achieved in stages, remeasuring previously held interests in the assets and liabilities of the joint operation at the fair value. The amendments shall be applied to business combinations whose acquisition date is in annual period beginning on or after January 1, 2019 with early application permitted.

IAS 12 Income Tax – Consequences of Payments on Instruments Classified as Equity

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. An entity shall apply those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies those amendments, it shall apply them to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period.

IAS 23 Borrowings costs – Borrowing costs eligible for capitalization

The amendments clarify that an entity considers as part of its borrowing costs any borrowing cost originally incurred for the purpose of obtaining a qualifying asset when substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amendments must be applied to borrowing costs incurred for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

2.5 Consolidation methodology

Consolidation methodology is described in the following sections:

Consolidation methods

The methods applied to obtain these consolidated financial statements were as follows:

- Full consolidation method for subsidiaries
- Equity method for associates and jointly controlled companies

Harmonization

The financial year of the companies within the consolidation perimeter ends on December 31. For consolidation purposes the corresponding 2018 financial statements of each company have been used.

The accounting principles applied by the companies comply with Group policies and, accordingly, no harmonization adjustments were necessary.

Elimination of internal transactions

The intercompany balances arising from financial operations, rental agreements, payment of dividends, financial assets and liabilities, purchase and sale of inventories and non-current assets and rendering of services have been eliminated. In regard with purchase and sale transactions, the unrealized margin on assets, as well as depreciation, has been adjusted in order to show the assets at their original cost to the Group.

Translation of financial statements in foreign currency

The financial statements of foreign companies have been translated into euros prior to their consolidation following the year-end rate method. Accordingly, assets and liabilities are translated at the spot rate prevailing at December 31, capital and reserves at the historical rates, and revenues and expenses at the averages rate for the year. Differences arisen from this process have been recorded directly under Translation differences in net equity.

2.6 Business combinations

When Group gains control over one constituted business, or directly over a business' net assets, the consideration transferred is assigned to assets and liabilities, measured at fair value. The difference between the sum of fair values and the sum of the consideration transferred plus the amount of any non-controlling interest in the acquiree at acquisition date is recognized as goodwill where it is positive or as income in the consolidated statement of comprehensive income where the difference is negative.

The consideration transferred in a business combination is measured at fair value. This is calculated as the sum of the acquisition fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree, and the equity interests issued by the acquirer.

The costs related to the acquisition, such as finder's fees, advice, legal, accounting valuation and other professional or consulting fees, are recognized as expenses in the years when they are incurred and the services are provided.

2.7 Intangible assets

Intangible assets are initially measured at acquisition cost less accumulated amortization and any impairment loss.

Goodwill is not amortized as it is considered to have an indefinite useful life. Instead, it is tested for impairment at least annually as well as intangible assets with indefinite useful lives. Likewise, the net carrying amount of intangible assets having finite useful life is tested for impairment when there is evidence or changes of not recovering the carrying amount, similar to the criteria established for property, plant and equipment.

Research expenses are charged to expenses when incurred, while development costs related to an individual project are capitalized when the Group can demonstrate the technical feasibility and profitability, the availability of financing resources, and incurred costs can be measured reliably. Development expenses to be capitalized, including the cost of materials, personnel expenses directly attributable and a fair proportion of overheads, are amortized using a declining method (50% the first year) over the period for which they expect to obtain profits or income from such project, which generally comprises three years.

Amounts paid to the owners of the sites where the slot machines are located on an exclusivity basis are capitalized as installation rights. They are amortized on a straight-line basis over the contract term.

Administrative concessions are amortized on a straight-line basis, according to the concession term, as well as transfer rights of leased premise.

Software is amortized on a straight-line basis over three years.

2.8 Property, plant and equipment

Property, plant and equipment are measured at acquisition cost less accumulated depreciation and any recognized impairment loss.

The Group assesses whether there is an indication that the net carrying amount of property, plant and equipment may be impaired. If any indication exists, assets or cash-generating units are recorded at their recoverable amount.

Expenses for repairs which do not extend the useful life of the assets, as well as maintenance expenses, are taken to the consolidated statement of comprehensive income in the year incurred. Expenses incurred for expansion or improvements which increase the productivity or prolong the useful life of the asset are capitalized. Future expenses for restoring and retirement are recognized, at present value, as a cost component, with a liability provision as counterpart.

Depreciation charges are calculated over the estimated useful lives of the assets. Property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful life. A declining basis is used alternatively for some assets, basically slot machines, since it better follows the actual pattern of income related to these assets.

	Method	Rate
Commercial buildings (new/used) and plant	Straight-line	2-4%
Production installations (new/used)	Straight-line	8-16%
Other installations	Straight-line	8-12%
Production machinery	Straight-line	10%
Other production equipment	Straight-line	20%
New slot machines ("A" and "B" / "V" and "C")	Declining/Straight line	20%
Used slot machines	Straight-line	40%
Furniture (new/used)	Straight-line	10-20%
Vehicles (new/used)	Declining/Straight line	10-32%
Tools and furniture (new/used)	Straight-line	30-60%
Data processing equipment (new/used)	Declining/Straight line	25-50%
Molds and dices	Straight-line	25%
Other PP&E items	Straight-line	16%

The finite useful life of slot machines is necessarily subject to exogenous factors (mainly market and competence) of difficult forecast. In the event that such equipment completes its useful life before the base period used for depreciation, the net balance of the related good at the removal date is charged as depreciation for the year, given its recurrent and typical features, as well as its corrective nature of systematic depreciation performed on related goods.

2.9 Investments in associates

Investments are accounted for under the proportional consolidation method or the equity method, that is, they are accounted initially at cost and its carrying amount is increased or decreased in order to recognize the part of the result of the invested company attributed to the Group from the acquisition date.

Part of the profit (loss) for the year of the invested company is recorded in the Group consolidated statement of comprehensive income. Dividends received reduce the amount of the investment.

Changes in the invested company's equity different than those generated by income of the period are directly recorded as changes in the Group's net equity.

2.10 Financial assets

Financial assets are initially recorded at fair value. For investments not measured at fair value with changes in results, directly attributable transaction costs are added. The Group establishes the classification of financial assets at the initial recognition, and, when appropriate and allowed, the classification is assessed again at each year end.

Loans and receivables

The Group recognizes in this category trade and non-trade receivables, which include financial assets with fixed or determinable payments not quoted on active markets and for which the Group expects to recover the full initial investment, except, where applicable, in cases of credit deterioration.

Following initial recognition, these financial assets are measured at amortized cost.

Nevertheless, trade receivables which mature within less than one year with no contractual interest rate, as well as prepayments and loans to personnel, the amount of which is expected to be recovered in the short term, are carried at nominal value both at initial and subsequent measurement, when the effect of not discounting cash flows is not significant.

2.11 Cancelation of financial assets and liabilities

Financial assets (or, when applicable, part of a financial asset or part of a group of similar financial assets) are derecognized when:

- Rights to related cash flows have expired;
- The Group has retained the right to receive related cash flows, but has assumed the liability of fully paying them within the established terms to a third party under a transfer agreement;
- The Group has transferred the rights to receive related cash flows and (a) has substantially transferred the risks and rewards incidental to the ownership of the financial asset, or (b) has not transferred or retained the asset's risks and rewards, but has transferred the control over the asset.

Financial liabilities are derecognized when the related liability is settled, cancelled or expired. When a financial liability is replaced for other from the same borrower but with substantially different terms, or the conditions of the existing liability are substantially modified, such change or modification is recorded as a disposal of the original liability and an addition of a new liability. Difference of related carrying amounts is recognized in the consolidated statement of comprehensive income.

2.12 Inventories

Inventories are accounted for at the lower of the acquisition cost and the recoverable amount.

The recoverable amount of raw materials is the replacement cost. Nevertheless, no provision is set aside for raw materials and other consumables used in production, if the finished products in which they are to be incorporated will be sold above cost. The recoverable value of finished products corresponds to the estimated sales price less related selling expenses.

The cost value of finished products includes materials measured at the weighted average acquisition price, third-party work, labor and production overhead.

2.13 Cash and cash equivalents

This heading includes cash, current accounts, bank deposits and other financial investments maturing within less than three months from the acquisition date, provided that risks of the substantial alteration of their value are not significant.

In terms of the consolidated statement of cash flows, cash and cash equivalents include the abovementioned concepts, net of bank overdrafts, if applicable.

2.14 Impairment of assets

Non-financial assets

The Group assesses at each year end whether there is an indication that a non-current asset may be impaired. If any indication exists, and when an annual impairment test is required, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of the cash-generating unit (CGU) fair value less cost to sell and value in use, and it is established for each separate asset, unless for assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and its carrying amount is reduced to the recoverable amount. To assess value in use, expected cash flows are discounted to their present value using risk free market rates, adjusted by the risks specific to the asset. Impairment losses from continuing activities are recognized in the consolidated statement of comprehensive income.

The Group assesses at year end indicators of impairment losses previously recorded in order to verify whether they have disappeared or decreased. If there are indicators, the Group estimates a new recoverable amount. A previously recognized impairment loss is reversed only if the circumstances giving rise to it have disappeared, since the last loss for depreciation was recognized. In this regard, the asset's carrying amount increases to their recoverable amount. The reversal is limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset.

The reversal is recognized in the consolidated statement of comprehensive income. Upon such reversal, the depreciation expense is adjusted in the following periods to amortize the asset's revised book value, net of its residual value, systematically over the asset's useful life.

Financial assets

The Group assesses at year end if financial assets or group of financial assets are impaired. To assess the impairment of certain assets, the following criteria are applied:

- Assets measured at amortized cost

If there is objective evidence that there is an impairment loss of loans and other receivables recorded at amortized cost, the loss is measured as the difference between the book value and the present value of estimated cash flows, discounted at the current market rate upon initial recognition. The book value is reduced by an allowance, and the loss is recorded in the consolidated statement of comprehensive income.

Impairment loss is reversed only if the circumstances giving rise to it have ceased to exist. Such reversal is limited to the carrying amount of the financial asset that would have been recognized on the reversal date had no impairment loss been recognized.

In regard with trade and other receivables, when there is objective evidence of not collecting them, an adjustment is made based on identified bad debts risk.

2.15 Treasury shares

Treasury shares are recorded as a direct decline in the Group's equity. They are measured at cost value, without recognizing any impairment loss. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase or sale of the Group's own equity instruments.

2.16 Provisions

Provisions are recognized when:

- the Group has a present obligation either legal, contractual or constructive as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount of the obligation can be reliably measured.

When the effect of the cash temporary value is significant, the provision is estimated as the present value of the future cash flows required to settle the obligation.

The discount rate applied in the assessment of the obligation's present value only corresponds to the temporary value of money and does not include the risks related to the estimated future cash flows related to the provision. The increase of the provision derived from the aforementioned discount is recorded as a financial expense.

2.17 Interest yield loans and credits

Loans and credits are initially measured at cost value, which is the fair value of the contribution received, net of issuance costs related to the debt.

Upon initial recognition, interest yield loans and credits are recognized at amortized cost using the effective interest rate method, including any issuance cost and discount or settlement premium.

2.18 Translation of balances in foreign currency

Transactions in foreign currency are translated at the spot rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the spot rate prevailing at the closing date. Unrealized exchange gains or losses are recognized in the consolidated statement of comprehensive income. As an exception, exchange gains or losses arising from monetary assets and liabilities that reflect investments in foreign subsidiaries are recorded in *Translation differences* in equity, with no impact on the consolidated statement of comprehensive income.

2.19 Leases

Leases are considered to be financial leases when all risks and rewards incidental to ownership of the leased item are substantially transferred to the Group. Assets acquired under financial lease arrangements are recognized as property, plant and equipment at the beginning of the lease term in the consolidated statement of financial position, recording an asset equivalent to the fair value of the leased item or, if lower, the present value at the commencement of the lease of the minimum lease payments. A financial liability is recorded for the same amount.

Lease payments are apportioned between finance charges and reduction of the lease liability, in order to maintain a constant interest rate of the outstanding debt. The finance charges are recorded directly in the consolidated statement of comprehensive income. These assets are depreciated, impaired, and derecognized using the same criteria applied to assets of a similar nature.

Leases are considered to be operating leases when all risks and rewards incidental to ownership of the leased item are substantially maintained by the lessor. Operating lease payments are recognized as expense in the consolidated statement of comprehensive income when accrued over the lease term.

2.20 Revenues

Revenues are recognized when it is probable that the economic benefits from the transaction will flow to the Group and the amount of income and costs incurred or to be incurred can be reliably measured.

Revenues from exploiting slot machines are measured at the collected amount. The percentage of the amount collected from slot machines attributable to the owner of the premises where the machine is located is included as operating expense under *Variable rent.*

Revenues from bingo cards are recognized for the total amount of sold cards, based on their face value, while recognizing the prizes granted to players as a decrease in operating revenues. The card cost is recorded in *Consumptions*, and the gaming tax rate over purchased bingo cards is included under *Gaming taxes.*

Revenue from casinos is recorded for the net amount from the game ("win"), after deducting prizes removed by players.

Revenue from sale of finished products is measured when risks and significant benefits incidental to the ownership of the assets have been transferred to the buyer and the outcome can be estimated reliably, circumstance that generally arises with the effective goods delivery.

Interest income is recorded based on the time passed, including the asset's effective yield.

2.21 Restructuring expenses

Expenses incurred in restructuring processes, mainly indemnities to personnel, are recognized when a formal and detailed plan exists to perform such process by identifying the main parameters (i.e. main locations, functions and approximate number of affected employees, estimated payments and the implementation schedule) and creating a real and valid expectation among affected employees in regard with the process.

2.22 Income tax

Deferred income tax is recognized on all temporary differences at the closing date between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position.

Deferred tax liabilities are recognized for all temporary differences, except for taxable temporary differences arisen from an acquired goodwill, which amortization is not tax deductible and those arisen upon the initial recognition of an asset or liability in a transaction, other than a business combination, and that at the transaction date did not affect the accounting or the tax result.

Likewise, a deferred tax liability is recognized for all taxable temporary differences from investments in subsidiaries, associates or jointly controlled companies, except when both the following conditions are met: (a) the Group is able to manage the reversal date of the temporary difference and (b) the temporary difference will not be reversed in the future. In this regard, when the results are generated in subsidiaries in countries where there is not an agreement to avoid double taxation and the Group's policy is the repatriation of dividends, the Group records a deferred tax related to the effective amount that would be filed when profits are repatriated.

Deferred tax assets are recognized for all deductible temporary differences, tax credits and unused tax loss carryforwards, to the extent that it is probable that future taxable profit will be available against which these assets may be utilized, except for deductible temporary differences arisen upon the initial recognition of an asset or liability in a transaction, other than a business combination, and that at the transaction date did not affect the accounting or the tax result.

Furthermore, only a deferred tax asset is recognized for all deductible temporary differences from investments in subsidiaries, associates or jointly controlled companies when both the following conditions met: (a) the temporary difference will be reversed in the future, and (b) it is probable that future taxable profit will be available against which these temporary differences may be utilized.

The recovery of deferred tax assets is reviewed at year end, reducing the amount in assets to the extent that it is probable that future taxable benefits will not be available and consequently these assets could not be utilized.

Deferred taxes are measured based on the tax legislation and charge rates enacted or to be enacted, at the date of consolidated statement of financial position.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or non-current liabilities, respectively.

2.23 Contingencies

When unfavorable outcome of a situation that leads to a potential loss is likely to occur (i.e. more than 50% of possibilities), the Group establishes a provision which is recorded based on the best estimate of present value of expected future disbursement. On the other hand, if expectations of favorable resolution are more likely, no provision is recorded, which is reported in the notes of existing risks, unless the possibility of a negative outcome is clearly considered remote.

2.24 Classification of current and non-current assets and liabilities

Assets and liabilities are classified in the consolidated statement of financial position as current and non-current according to their maturity date. Current assets mature within one year from the closing date, and non-current assets mature in more than such period.

3. FINANCIAL INFORMATION BY OPERATING SEGMENT

The Group's activities are organized and managed separately based on the nature of the services and products provided. Each segment represents one strategic business unit that provides different services and offers products to different markets whose operating profit or loss are examined on a regular basis by the Group's ultimate operating decision-making body in order to decide on the resources to be allocated to the segment and assess its performance.

An operating segment has been considered to be an identifiable unit of the Group responsible for supplying a unique product or service, or alternatively a set of these which are inter-related, and which is characterized by being subject to risks and yields of a different nature from those which correspond to other operating segments within the Group.

Assets, liabilities, income and expenses by segment include those directly attributable, together with those which may be reasonably attributed. Unallocated captions by the Group correspond to deferred tax assets and liabilities balances.

Transfer prices between segments are determined based on the actual costs incurred increased by a reasonable trade margin.

3.1 Operating segments

The distribution of the operating segments on which information is disclosed coincides with the information usually handled by Management. The operating segments defined by the Group are as follows:

Slots:

It owns and operates slot machines in bars, cafés, restaurants and amusement arcades in Spain and Italy. It also provides machine interconnection services in Italy.

B2B:

It designs, manufactures and distributes slot machines and gaming kits for the Spanish and international markets. The division sells directly or through distributors to other divisions of the Group, mainly slot division, and third parties

Casinos:

The Group operates with two types of casinos, traditional casinos, which include table games and casino slot machines, and electronic casinos which only operate with casino slot machines.

Bingos:

Operation of bingo halls mainly in Spain and, to a lesser extent, in Italy and Mexico. These halls operate through the sale of bingo cards to customers and, to a lesser extent, through slot machines and restaurant services.

Other segments:

Segments that aggregately represent less than 10% of total external and internal revenue, less than 10% of the combined result of all segments with aggregated benefits, and less than 10% of total assets have been considered as irrelevant. Thus, no specific information thereon is provided and they have been grouped together under this generic heading.

The table below shows information on the income and results, certain information on assets and liabilities, and other information regarding these business segments at December 31, 2018 and 2017.

2018

(Thousands of euros)	Slots	B2B	Casinos	Bingos	Eliminations and other	Total
Assets by segment						
Allocated non-current assets	279,158	33,859	324,795	108,068	1,741,773	2,487,653
Unallocated non-current assets	-	-	-	-	45,580	45,580
Allocated current assets	118,015	49,412	86,875	28,729	24,515	307,546
Total assets	397,173	83,271	411,669	136,797	1,811,869	2,840,779
Liabilities by segment						
Allocated liabilities	(551,235)	(30,135)	(184,153)	(99,403)	(1,019,683)	(1,884,609)
Unallocated liabilities	-	-	-	-	(289,413)	(289,413)
Total Liabilities	(551,235)	(30,135)	(184,153)	(99,403)	(1,309,096)	(2,174,022)
Operating income net of variable rent						
Sales to external customers	707,468	47,017	505,248	227,351	(17,960)	1,469,124
Intra-group revenue	674	42,485	1,644	4,708	(49,511)	-
Total operating income net of variable rent	708,142	89,502	506,892	232,059	(67,471)	1,469,124
Profit/(loss)						
EBITDA (*)	141,080	12,681	182,973	55,696	(64,146)	328,284
Finance income	10,533	2,607	4,254	1,261	(16,406)	2,249
Finance costs	(26,051)	(2,273)	(11,839)	(4,815)	(91,492)	(136,470)
Profit / (loss) before tax	29,815	(2,467)	106,880	26,134	(160,329)	33
Income tax	(1,496)	(2,473)	(31,540)	(8,790)	15,921	(28,378)
Profit / (loss) after tax	28,319	(4,940)	75,340	17,344	(144,408)	(28,345)
Non-monetary expenses						
Charge to depreciation and amortization and impairment of assets	(88,482)	(4,430)	(80,003)	(27,289)	7,866	(192,338)
Change in operating provisions	(3,027)	(46)	(178)	2	-	(3,249)
Other significant expenses						
Employee benefits expense	(71,344)	(20,168)	(89,300)	(45,633)	(55,405)	(281,850)
Utilities and external services	(77,479)	(15,387)	(144,360)	(66,638)	27,195	(276,669)
Gaming taxes	(376,087)	(150)	(82,091)	(52,532)	(184)	(511,044)
Other segment Information						
Investment in non-current assets (cash flow)	70,044	4,227	47,480	37,940	497	160,188
Investments in associates (balance sheet):	67,042	-	-	11,948	-	78,990
Non-controlling interests (profit and loss)	4,779	228	8,388	1,903	-	15,298

(*) EBITDA is defined for financial reporting purposes, as profit or loss before income tax, finance income or costs, profit or loss from investments in associates, profit or loss from sale/derecognition of non-current assets, change in operating provisions and depreciation and amortization charges and impairment.

2017

(Thousands of euros)	Slots	B2B	Casinos	Bingos	Eliminations and other	Total
Assets by segment						
Allocated non-current assets	280,748	119,805	429,825	97,453	166,364	1,094,195
Unallocated non-current assets	-	-	-	-	56,540	56,540
Allocated current assets	122,177	66,816	224,867	19,951	30,938	464,749
Total assets	402,925	186,621	654,692	117,404	253,842	1,615,484
Liabilities by segment						
Allocated liabilities	(557,208)	(94,947)	(493,383)	(114,903)	(220,879)	(1,481,320)
Unallocated liabilities	-	-	-	-	(121,222)	(121,222)
Total Liabilities	(557,208)	(94,947)	(493,383)	(114,903)	(342,101)	(1,602,542)
Operating income net of variable rent						
Sales to external customers	672,424	47,972	483,304	218,814	(26,568)	1,395,946
Intra-group revenue	669	45,951	1,741	3,550	(51,911)	-
Total operating income net of variable rent	673,093	93,923	485,045	222,364	(78,479)	1,395,946
Profit/(loss)						
EBITDA (*)	128,751	11,946	181,496	53,879	-25,240	350,832
Finance income	2,077	4,664	6,767	1,124	-10,620	4,012
Finance costs	(22,061)	(4,307)	(15,686)	(5,532)	(20,514)	(68,100)
Profit / (loss) before tax	4,417	8,193	102,134	26,480	-40,139	101,085
Income tax	(2,539)	(2,896)	(34,893)	(8,132)	9,321	(39,139)
Profit / (loss) after tax	1,877	5,297	67,240	18,348	(30,817)	61,945
Non-monetary expenses						
Charge to depreciation and amortization and impairment of assets	(101,018)	(3,002)	(69,624)	(17,722)	14,853	(176,513)
Change in operating provisions	(2,696)	(22)	26	(67)	-	(2,759)
Other significant expenses						
Employee benefits expense	(66,018)	(18,338)	(85,284)	(43,668)	(14,801)	(228,109)
Utilities and external services	(76,414)	(14,367)	(134,729)	(60,849)	29,703	(256,656)
Gaming taxes	(363,205)	(153)	(75,431)	(53,284)	(161)	(492,234)
Other segment information						
Investment in non-current assets (cash flow)	66,805	6,621	48,212	22,264	288	144,190
Investments in associates (balance sheet):	6,894	1,430	11,015	38,481	-	57,820
Non-controlling interests (profit and loss)	2,092	296	11,839	2,536	-	16,763

(*) EBITDA is defined for financial reporting purposes, as profit or loss before income tax, finance income or costs, profit or loss from investments in associates, profit or loss from sale/derecognition of non-current assets, change in operating provisions and depreciation and amortization charges and impairment.

3.2 Information on geographical segments

In the presentation of information by geographic segments, sales are based on the destination country and the assets on their location. The table below shows this information at December 31, 2018 and 2017:

2018

(Thousands of euros)	Sales to external customers	Inter-segment sales	Total revenue by segment	Assets by segment	Investments In non-current assets
Spain	586,584	85,134	671,718	737,314	80,780
Latin America	532,987	664	533,651	1,506,303	74,784
Italy	349,553	2	349,555	124,504	4,131
Eliminations and other	-	(85,800)	(85,800)	472,658	493
	1,469,124	-	1,469,124	2,840,779	160,188

2017

(Thousands of euros)	Sales to external customers	Inter-segment sales	Total revenue by segment	Assets by segment	Investments In non-current assets
Spain	547,831	106,094	653,925	660,122	74,515
Latin America	512,740	748	513,488	815,426	64,524
Italy	335,375	16	335,391	117,755	4,481
Eliminations and other	-	(106,858)	(106,858)	22,181	670
	1,395,946	-	1,395,946	1,615,484	144,190

4. BUSINESS COMBINATIONS AND ACQUISITIONS OF SUBSIDIARIES

4.1 Acquisition of the Cirsa Group

On April 27, 2018 Nortia Business Corporation, S.L. (owner of 52.43% of the share capital of Cirsa Gaming Corporation, S.A.) and private capital (owner of the other 46.65%) signed the agreement for the sale of the Cirsa Group to the venture capital fund Blackstone. This purchase and sale agreement included several clauses whereby the transaction was subject to a set of obligations by both parties to be considered fully effective. Final closing between the parties was signed on July 3, 2018, the date on which Blackstones gained effective control over the Cirsa Group through the purchase of 100% of the shares of Cirsa Gaming Corporation, S.A.

Note 10 provides a summary of the main data of the transaction (consideration paid, carrying amount of the acquired business, intangible values arisen, etc.).

4.2 Other acquisitions in 2018

The breakdown of the companies constituting a business over which unilateral and exclusive control was gained in 2018 is summarized as follows:

		(Thousands of euros)				
Name and description of the entities and business	Acquisition date	Acquisition cost	Fair value of the assets acquired	Non-controlling interests arisen in the business combination	Fair value of the previous ownership interest	Goodwill generated (Note 5)
Tallunlxe, S.A.U.	July 2018	1,443	1,443	-	-	-
Casinos del Caribe, S.R.L. and Merengue Bar Gran Casino Jaragua, GCJ, S.R.L.U.	November 2018	13,557	13,557	-	-	-
		15,000	15,000	-	-	-

The values of the identifiable assets and liabilities at the date of gaining control over the business combinations were as follows:

(Thousands of euros)	Recognized on acquisition	Book value
Property, plant and equipment	4,770	4,770
Intangible assets	10,447	93
Other non-current assets	202	202
Current assets	1,843	1,843
Liabilities (including deferred taxes generated)	(2,784)	(2,389)
	14,478	4,519

Had the acquisitions taken place at the beginning of the year, consolidated operating income in 2018 would have increased by 10,477 thousand euros and consolidated profit/(loss) for the year 2018 would have increased by 785 thousand euros. Additionally, since their acquisition date these companies have contributed profit to the Group amounting to 525 thousand euros.

4.3 2017

The breakdown of the companies constituting a business over which unilateral and exclusive control was gained in 2017 is summarized as follows:

		(Thousands of euros)				
Name and description of the entities and business	Acquisition date	Acquisition cost	Fair value of the assets acquired	Non-controlling interests arisen in the business combination	Fair value of the previous ownership interest	Goodwill generated (Note 5)
Miky, S.L. and subsidiaries	May 2017	38,457	38,457	-	-	-
Op. De Entretenimiento Manzanillo, S.L.	February 2017	2,325	3,262	937	-	-
Bingo Sanlven, S.A.U.	January 2017	4,750	4,750	-	-	-
Global TC Corp., S.A.U.	March 2017	903	903	-	-	-
Triveneto Games, S.R.L.	September 2017	762	762	-	-	-
Sierra Machines, S.A.C.	July 2017	9,046	9,046	-	-	-
Inmobiliaria Rapid, S.A.C.	July 2017	14,139	14,139	-	-	-
L&G Business, S.L.	October 2017	75	75	-	-	-
Recreativos Ergosa, S.L.U. and subsidiaries	November 2017	544	544	-	-	-
MCA Automatics, S.L.	December 2017	6,433	6,433	-	-	-
Social Games Online, S.L.	December 2017	2,482	2,482	-	-	-
Itallronic, S.R.L.	November 2017	3,000	3,000	-	-	-
Promociones Sol Ibiza, S.A.	November 2017	460	641	180	-	-
		83,376	84,494	1,117	-	-

The values of the identifiable assets and liabilities at the date of gaining control over the business combinations were as follows:

(Thousands of euros)	Recognized on acquisition	Book value
Property, plant and equipment	21,510	17,957
Intangible assets	76,518	7,067
Other non-current assets	6,936	6,064
Current assets	14,412	14,412
Liabilities (including deferred taxes generated)	(34,882)	(15,274)
	84,494	30,226

Had the acquisitions taken place at the beginning of the year, consolidated operating income in 2017 would have increased by 32,941 thousand euros and consolidated profit/(loss) for the year 2017 would have increased by 1,344 thousand euros. Additionally, since their acquisition date these companies have contributed net profit to the Group amounting to 1,549 thousand euros.

5. GOODWILL

Goodwill has arisen in the current year from acquisition of Cirsa Gaming Corporation, S.A. (Note 10). It shows no impairment losses at December 31, 2018 and has been allocated to the whole Cirsa Group as a result of the Purchase Price Allocation made by an independent expert:

(Thousands of euros)	2018	2017
Slots	-	16,457
Bingos	-	27,525
Casinos	-	48,930
Cirsa Group	968,100	-
	968,100	**92,912**

The evolution of the book value of goodwill, net of impairment losses, is as follows:

(Thousands of euros)	2018	2017
Balance at January 1	92,912	104,412
Impairment losses	-	(5,781)
Net exchange gains (losses) arisen in the period	-	(5,719)
Derecognition due to business combinations of PPAs prior to 2018	(92,912)	-
Business combination (PPA 2018)	968,100	-
Balance at December 31	**968,100**	**92,912**

6. OTHER INTANGIBLE ASSETS

6.1 Movements

2018

(Thousands of euros)	Balance at January 1, 2018	Additions	Disposals	Transfers	Translation Differences and other changes	Balance at December 31, 2018
COST						
Development costs and patents	56,355	11,638	(1,624)	-	158	66,527
Service concession arrangements	120,968	567	(25,158)	-	2,134	98,511
Installation rights	643,668	1,047,154	(418,486)	54	53	1,272,443
Right to lease	10,817	2,797	(405)	-	166	13,375
Software	34,211	5,269	(7,561)	294	144	32,357
Prepayments and other	151	-	(119)	-	-	32
	866,170	1,067,425	(453,353)	348	2,655	1,483,245
AMORTIZATION						
Development costs and patents	(50,080)	(3,786)	1,624	-	(90)	(52,331)
Service concession arrangements	(69,232)	(7,586)	10,899	-	(1,540)	(67,459)
Installation rights	(294,489)	(90,516)	165,133	-	(12)	(219,885)
Right to lease	(4,652)	(3,042)	-	-	(67)	(7,761)
Software	(28,802)	(2,002)	3,602	-	(62)	(27,264)
	(447,255)	(106,932)	181,258	-	(1,771)	(374,700)
Impairment losses	(19,727)	(1,047)	15,906	-	(1)	(4,869)
Net carrying amount	399,188	959,446	(256,189)	348	883	1,103,676

2017

(Thousands of euros)	Balance at January 1, 2017	Additions	Disposals	Transfers	Translation differences and other changes	Balance at December 31, 2017
COST						
Development costs and patents	52,952	3,403	-	-	-	56,355
Service concession arrangements	131,552	2,902	(28)	91	(13,548)	120,968
Installation rights	542,607	115,251	(7,158)	-	(7,033)	643,668
Right to lease	7,924	5,358	(1,860)	-	(604)	10,817
Software	32,872	3,456	(275)	22	(1,864)	34,211
Prepayments and other	150	-	-	-	-	150
	768,058	130,370	(9,321)	113	(23,049)	866,170
AMORTIZATION						
Development costs and patents	(48,595)	(1,485)	-	-	-	(50,080)
Service concession arrangements	(62,434)	(10,101)	28	-	3,275	(69,232)
Installation rights	(236,309)	(63,820)	5,011	-	629	(294,489)
Right to lease	(5,192)	(1,554)	1,860	-	234	(4,652)
Software	(27,094)	(2,497)	273	-	516	(28,802)
	(379,624)	(79,457)	7,172	-	4,654	(447,255)
Impairment losses	(17,155)	(4,191)	1,613	-	6	(19,727)
Net carrying amount	371,279	46,722	(536)	113	(18,389)	399,188

The 'Additions' column in 2018 shows:

- The effect of the acquisition of the Cirsa Group, as disclosed in Note 10.
- The effect of the other business combinations (Note 4.2), which has amounted to an overall gross value of 27,828 thousand euros (82,376 thousand euros in the prior year) and accumulated amortization of 912 thousand euros (5,858 thousand euros in the prior year). These amounts related almost entirely to *Installation rights*, just like in 2017.

Most of the rest of additions in 2018 and 2017 included in *Installation rights* mainly relate to the non-refundable payment in exchange for the exclusive rights to operate the halls where the slot machines were located. The disposals in this caption for both years mainly relate to installation rights pending amortization in halls which had been closed, or it was decided not to operate the machines for profitability reasons.

6.2 Development costs and patents

They mainly correspond to:

- Industrial companies: Creation of new models of slot machines and technological innovation for them. The net value at December 31, 2018 and 2017 is 6,127 and 3,576 thousand euros, respectively.
- Companies engaged in lotteries and interactive products: Software development for online gaming applications. The net value at December 31, 2018 and 2017 is 3,068 thousand euros and 2,700 thousand euros, respectively.

The internal cost of developing new models of slot machines and software for on-line games by the B2B division of the Group is recorded as development costs and patents with a charge to the corresponding expenses according to their nature in the consolidated statement of comprehensive income. Said work performed by the Group for its property, plant and equipment in 2018 and 2017 amounts to 3,573 and 3,267 thousand euros, respectively.

Research and development costs recognized as an expense in 2018 amount to 66 thousand euros (41 thousand euros at December 31, 2017) (Note 22.2).

6.3 Service concession arrangements

The most significant items in the gross balance of service concession arrangements at December 31, 2018 are as follows:

- Official contract to manage and operate slot machine halls in the Republic of Panama for an amount of 46,869 thousand euros (44,364 thousand euros at December 31, 2017). The net value of this concession at December 31, 2018 amounts to 12,419 thousand euros (11,962 thousand euros at December 31, 2017).

- Licenses of video terminals acquired by Cirsa Italia S.p.A. for an amount of 40,807 thousand euros at December 31, 2018 and 2017. The net value of this concession at December 31, 2018 amounts to 12,360 thousand euros (16,447 thousand euros at December 31, 2017).

6.4 Installation rights

This caption includes the amount given in exchange for the exclusive rights to operate in the halls were the slot machines are located, and the effect of the business combination indicated in Note 10.

6.5 Impairment losses

The impairment losses recorded in 2018 mainly correspond to exclusive rights over points of sale that will no longer be operational.

Note 11 below shows the several items related to the potential impairment test conducted on the Group's assets.

6.6 Other information

At 2018 year end, the net value of property, plant and equipment in foreign companies amounts to 877,775 thousand euros (136,393 thousand euros at 2017 year end), after the business combination carried out in 2018.

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Movements

2018

(Thousands of euros)	Balance at January 01, 2018	Additions	Disposals	Transfers	Translation differences and other changes	Balance at December 31 2018
Cost						
Land and buildings	257,555	33,592	(191,702)	102	98	99,645
Technical installations	81,727	5,158	(7,750)	1,089	546	80,770
Machinery	616,379	39,772	(114,970)	16,258	3,611	561,050
Data processing equipment	65,857	4,492	(10,803)	662	241	60,449
Transport equipment	10,850	205	(7,584)	-	21	3,492
Other installations, tools, furniture, and other PP&E	294,730	23,712	(32,043)	5,886	5,256	297,541
Property, plant and equipment under construction	16,043	29,238	(9,500)	(24,345)	801	12,237
	1,343,141	136,169	(374,352)	(348)	10,574	1,115,184
Depreciation						
Buildings	(105,026)	(9,736)	80,262	485	(78)	(34,093)
Technical installations	(58,933)	(10,300)	7,750	39	(377)	(61,821)
Machinery	(447,695)	(64,979)	80,544	(9)	(3,103)	(435,242)
Data processing equipment	(56,603)	(4,528)	7,571	-	(185)	(53,745)
Transport equipment	(8,676)	(610)	6,271	-	23	(2,992)
Other installations, tools, furniture, and other PP&E	(221,788)	(19,579)	20,916	(514)	(4,154)	(225,119)
	(898,721)	(109,732)	203,314	1	(7,874)	(813,012)
Impairment losses	(13,370)	(2,264)	10,949		(26)	(4,711)
Net carrying amount	431,050	24,173	(160,089)	(347)	2,674	297,461

2017

(Thousands of euros)	Balance at January 01, 2017	Additions	Disposals	Transfers	Translation differences and other changes	Balance at December 31 2017
Cost						
Land and buildings	289,948	14,423	(1,230)	1,756	(47,342)	257,555
Technical installations	81,140	7,773	(2,386)	1,620	(6,420)	81,727
Machinery	622,612	90,222	(55,908)	15,852	(56,399)	616,379
Data processing equipment	63,351	8,041	(2,085)	304	(3,754)	65,857
Transport equipment	13,040	570	(375)	-	(2,385)	10,850
Other installations, tools, furniture, and other PP&E	298,210	24,678	(13,874)	3,644	(17,928)	294,730
Property, plant and equipment under construction	14,441	24,508	(446)	(23,289)	829	16,043
	1,382,742	170,215	(76,304)	(113)	(133,399)	1,343,141
Depreciation						
Buildings	(94,286)	(13,954)	363	-	2,851	(105,026)
Technical installations	(60,098)	(7,009)	2,371	-	5,803	(58,933)
Machinery	(465,454)	(74,825)	50,888	-	41,696	(447,695)
Data processing equipment	(53,938)	(7,165)	1,596	-	2,904	(56,603)
Transport equipment	(9,357)	(1,354)	153	-	1,882	(8,676)
Other installations, tools, furniture, and other PP&E	(224,608)	(23,428)	13,125	-	13,123	(221,788)
	(907,741)	(127,735)	68,496	-	68,259	(898,721)
Impairment losses	(10,772)	(5,710)	3,059		53	(13,370)
Net carrying amount	464,229	36,770	(4,749)	(113)	(65,087)	431,050

The 'Additions' column in 2018 mainly shows:

- The effect of the acquisition of the Cirsa Group, as disclosed in Note 10.
- The effect of the other business combinations (Note 4.2), which has amounted to an overall gross value of 12,939 thousand euros (41,945 thousand euros in the prior year) and accumulated depreciation of 7,127 thousand euros (20,435 thousand euros in the prior year).

Additions in 2018 also included investments in assets in Spain (41,076 thousand euros), Colombia (14,575 thousand euros), Mexico (16,419 thousand euros), Peru (7,389 thousand euros) and Panama (20,472 thousand euros) mainly to renovate some already-installed halls, and additions of property, plant and equipment under construction amounting to 29,238 thousand euros as a result of the renovation and expansion of casinos, mainly in Latin American countries.

Additions in 2017 also included investments in assets in Spain (35,859 thousand euros), Colombia (16,577 thousand euros), Argentina (13,021 thousand euros), Mexico (16,863 thousand euros), Peru (5,618 thousand euros) and Panama (17,785 thousand euros) mainly to renovate some already-installed halls, and additions of property, plant and equipment under construction amounting to 24,508 thousand euros as a result of the renovation and expansion of casinos, mainly in Latin American countries. It should be noted that at December 31, 2017 most of the additions in property, plant and equipment under construction in 2016 were recognized according to their nature, since most of the halls under construction had already been put to use.

The 'Disposals' column in 2018 and 2017 includes sales of several assets and other disposals, basically due to the replacement of slot machines, which in 2018 resulted in gains of 13,025 thousand euros (losses of 3,044 thousand euros in the prior year).

7.2 Work performed by the Group and capitalized

The cost value of the machines manufactured by group companies that after being sold to operational companies of the Cirsa Group are operated by them is recorded as property, plant and equipment with a charge to the corresponding expenses according to their nature in the consolidated statement of comprehensive income. The work performed by the Group and capitalized as property plant and equipment in 2018 and 2017 amounts to 46,438 and 50,365 thousand, respectively.

7.3 Assets used as guarantees

Several property, plant and equipment items, whose net value at December 31, 2018 and 2017 was 210 and 9,509 thousand, respectively, were used as guarantee for mortgage loan debts.

7.4 Assets subject to charges and limitations

All assets can be freely used, except for the assets used as guarantees indicated in Note 7.3 and those acquired under finance lease arrangements, whose net carrying amount is 681 thousand euros at December 31, 2018 (6,551 thousand euros at December 31, 2017).

7.5 Assets located outside of Spain

The net value of the assets located outside of Spain amounts to 186,242 thousand euros at December 31, 2018 (296,946 thousand euros at December 31, 2017).

7.6 Investment commitments

Firm investment commitments amount to 10,018 thousand euros at December 31, 2018 (4,895 thousand euros at December 31, 2017).

8. INVESTMENTS IN ASSOCIATES

This caption includes the following investments:

2018

(Thousands of euros)	Book value of the investment	Assets	Liabilities	Operating income	Profit/(loss) for the period
AOG, S.R.L.	11,948	21,131	(12,028)	104,207	461
Unión de operadores reunidos S.A.	16,146	10,008	(1,842)	23,310	4,700
Sportium Apuestas Deportivas, S.A. and Subsidiaries	48,678	161,115	(65,331)	635,383	11,542
Other	2,218	14,862	(12,069)	40,084	920
	78,990				

2017

(Thousands of euros)	Book value of the investment	Assets	Liabilities	Operating income	Profit/(loss) for the period
AOG, S.R.L.	21,498	20,389	(8,944)	82,791	2,000
Binbaires, S.A.	12,919	11,550	(5,644)	40,028	6,910
Montecarlo Andalucía, S.L.	4,764	2,285	(464)	22,805	1,611
Sportium Apuestas Deportivas, S.A. and Subsidiaries	10,410	39,616	(16,515)	376,648	2,329
Other and write-down	8,229	24,645	(18,477)	49,475	(468)
	57,820				

The associates consolidated using the equity method had no contingent liabilities or capital commitments at December 31, 2018 and 2017.

The annual variation in the 'Investments in associates' caption is as follows:

(Thousands of euros)	2018	2017
Balance at January 1	57,820	56,497
Revaluation due to PPA Cirsa Group (Note 10)	16,592	-
Share in profit/(loss) for the year and write-down	4,578	(90)
Other changes	-	1,413
Balance at December 31	78,990	57,820

No impairment loss (write-down) has been included in 2018 after the measurement of assets in the 2018 PPA after the purchase and sale transaction of the Cirsa Group, as indicated in Note 10.

The transactions carried out during the 2018 and 2017 between the above-listed companies and the companies accounted for using the full and/or proportional consolidation method are not relevant.

9. FINANCIAL ASSETS

This caption consists of the following balances:

(Thousands of euros)	2018 Non-current	2018 Current	2018 Total	2017 Non-current	2017 Current	2017 Total
Loans and receivables						
Nortia Business Corporation, S.L.	-	-	-	74,809	-	74,809
Loans to joint ventures and associates	2,854	2,909	5,763	2,435	7,561	9,996
Loans to third parties	19,125	-	19,125	26,193	-	26,193
Guarantees and deposits	10,064	14,762	24,826	8,347	13,718	22,065
Fixed income securities and deposits	-	1,198	1,198	-	14,413	14,413
Trade and other receivables	-	142,069	142,069	-	214,404	214,404
Other	7,832	1,434	9,266	2,042	7,204	9,246
	39,875	162,372	202,247	113,826	257,300	371,126
Impairment losses	(449)	(34,977)	(35,426)	(601)	(39,062)	(39,663)
	39,426	127,395	166,821	113,225	218,238	331,463

The Group considers that the fair values of these do not differ significantly from the amounts recorded. The accumulated balance of impairment losses on non-current financial assets mainly relates to loans to third parties, whereas the amount of impairment losses on current financial assets mainly relates to trade and other receivables (32,468 and 36,272 thousand euros at December 31, 2018 and 2017, respectively). The remainder of the balance amounting to 2,509 thousand euros corresponds to impairment losses on current financial investments.

9.1 Loans and receivables

Nortia Business Corporation, S.L.

(Thousands of euros)	2018	2017
Loan maturing in 2021, at a nominal interest rate of 5.75%	-	31,381
Long-term promissory notes for the sale of assets discounted at an interest rate of 5%	-	2,558
Accrued interest	-	40,870
	-	74,809

At December 31, 2018 all outstanding items held with the former owner of the Cirsa Group have been canceled, as a result of the purchase and sale transaction, except for the outstanding price adjustment at December 31, 2018 for an amount of 13,539 thousand euros, recorded in the 'Trade and other receivables' caption.

Loans to joint ventures and associates

This caption breaks down as follows:

(Thousands of euros)	2018	2017
Current accounts with joint ventures and associates	5,763	9,386
Other	-	610
	5,763	9,996

(*) The amounts receivable from the joint ventures included in the table above are the remaining balances after the eliminations upon consolidation.

The annual maturity of these assets is as follows:

(Thousands of euros)	2018	2017
Within 1 year	2,911	7,561
Between 1 and 2 years	713	608
Between 2 and 3 years	713	609
Between 3 and 4 years	713	609
Between 4 and 5 years	713	609
	5,763	9,996

The average interest rate of these assets in 2018 and 2017 was 5.82%.

Loans to third parties

The breakdown of non-current loans to third parties is as follows:

(Thousands of euros)	2018	2017
Mortgage loan in US dollars to a company that owns a hotel in Dominican Republic where a casino operated by the Group is located. It earns an annual interest of 7.25%.	-	249
Accounts receivable from the industrial division.	2,852	2,446
Deferred collection for the sale of a non-controlling interest in an Italian company of the operational division	498	972
Deferred collection for the sale of a non-controlling interest in a Spanish company of the operational division	1,843	2,690
Current accounts with third parties for Group purposes, at a floating interest rate of Euribor plus 1% with a minimum of 2%	-	9,198
Other	13,932	10,638
	19,125	26,193

The breakdown of maturity dates for non-current loans to third parties is as follows:

(Thousands of euros)	2018	2017
Between 1 and 2 years	13,806	10,774
Between 2 and 3 years	2,711	4,416
Between 3 and 4 years	790	1,594
Between 4 and 5 years	779	-
More than 5 years	1,039	211
Indefinite	-	9,198
	19,125	26,193

The balances with indefinite maturity relate to current accounts with third parties and accrue a floating interest rate (Euribor plus 1% with a minimum of 2%). The current accounts are recorded as non-current financial assets since the Directors of the Company consider that they will be collected in more than 12 months, and they have powers of decision in this regard.

Trade and other receivables

This caption consists of the following balances:

(Thousands of euros)	2018	2017
Trade receivables	56,955	61,164
Impairment losses	(32,468)	(36,272)
Other related parties	-	618
Public administrations	28,860	26,186
Other accounts receivable	56,254	126,436
	109,601	**178,132**

Receivables from *Public administrations* mainly correspond to payments on account of income tax, VAT and other tax receivables.

The balance of *Trade and other receivables* is shown net of impairment loss. The movements in the impairment loss allowance are as follows:

(Thousands of euros)	2018	2017
Balance at January 1	39,062	39,106
Net charges for the year	3,011	2,703
Utilized	(7,239)	(3,512)
Additions of companies	143	765
Balance at December 31	34,977	39,062

The Group has established credit periods between 90 and 150 days, while the average collection period is approximately of 120 days at December 31, 2018 (120 days at December 31, 2017).

10. ACQUISITION OF CIRSA GAMING CORPORATION

The breakdown of the amounts related to the acquisition of the Cirsa Gaming Corporation Group over whose business the Parent Company has gained control, effective from July 3, 2018, is as follows:

Name and description of the entities and business	Acquisition date	(Millions of euros) Acquisition cost	Fair value of the assets acquired	Non-controlling interests arisen in the business combination	Goodwill generated (Note 5)
Grupo Cirsa Gaming Corporation	July 03, 2018	1,453	476	105	968

The values of the identifiable assets and liabilities at the date of gaining control over the business combinations, excluding resulting goodwill, were as follows:

(Thousands of euros)	Recognized on acquisition	Book value
Property, plant and equipment	295	266
Intangible assets	1,134	132
Non-current financial assets (ownership interests accounted for using the equity method)	74	12
Other non-current assets	195	195
Current assets	563	563
Deferred tax liabilities arisen	(303)	(15)
Other current and non-current liabilities	(1,482)	(1,482)
	476	(329)

Operating income from ordinary activities, operating profit/(loss) and net profit/(loss) for the year already correspond to a whole year in accordance with the premises for the special purpose consolidated financial statements.

As a result of the transaction, all the Group's rights and obligations, including the agreements and contracts that it held with third parties, continue to be in force subsequently. The only relevant business of the Cirsa Gaming Corporation Group, prior to the transaction, that has not continued under the new scope of consolidation is the one corresponding to the gaming activities in Argentina, which is presented as a discontinued operation in the accompanying consolidated financial statements.

11. IMPAIRMENT TEST

11.1 Goodwill

Cash-generating units

Goodwill acquired through business combinations and any other intangible assets with indefinite useful lives have been attributed to cash-generating units for impairment testing. The breakdown of cash-generating units is as follows:

- Operational segment in Spain.
- Group of bingos in Spain and Italy (the latter is accounted for using the equity method).
- Casinos in Spain, Panama, Colombia, Mexico, Dominican Republican, Peru, Costa Rica and Morocco.
- Each differentiated interactive activity.
- Online activity (accounted for using the equity method).

In the current year, given that the Cirsa Group was acquired on July 3, 2018, all existing goodwill at December 31, 2018 comes from said transaction, as already detailed above, as a result of the purchase price allocation of the excess price arisen due to the difference between the consideration paid and the consolidated book value of the acquired business.

Based on the tests performed in 2017, impairment adjustments on goodwill were recorded in the prior year for an amount of 5,781 thousand euros, mainly due to more prudent estimates of future cash flows in Cirsagest, S.p.a., with an estimated impact of 5,000 thousand euros, as well as a lesser impact in the estimates of the cash flows from a bingo hall, Tefle, S.A. Additionally, an impairment loss was recorded on the investment in the company AOG (an associate consolidated using the equity method) for an amount of 4,300 thousand euros.

2017

(Thousands of euros)		Impairment losses	
CGU	Recoverable amount of the CGU	On goodwill	On other assets
Tefle, S.A.	-	781	502
Cirsagest, S.P.A.	21,874	5,000	-
Impairment loss recorded		5,781	502

11.2 Other assets

Impairment indicators used by the Group to determine the need of an impairment test on other non-current assets, amongst others, are as follows:

- Significant drop of the result over the same period in the prior year, and/or over the budget.
- Legislative changes in progress or planned, which could lead to negative effects.
- Change of strategy or internal expectations regarding a particular business or country.
- Position of competitors and their launches of new products.
- Slowdown of income or difficulties in selling at expected prices.
- Change in habits and attitudes of users, and other elements specific to each division.

As indicated in Note 11.1, during 2017 impairment losses amounting to 502 thousand euros were recorded (impairment fully corresponds to property, plant and equipment of Tefle, S.A.), as well as 628 thousand euros in another Spanish bingo hall.

12. INVENTORIES

The breakdown of inventories by category, net of impairment, is as follows:

(Thousands of euros)	2018	2017
Raw and auxiliary materials	3,660	3,888
Spare parts and others	8,225	7,746
Finished goods	1,555	689
Work in progress	3,390	3,353
Prepayments to suppliers	1,073	2,077
	17,903	17,753

Inventories correspond mainly to the manufacture and marketing of slot machines carried out by Group companies.

The balance of inventories is shown net of impairment loss. Movements in the impairment loss allowance are as follows:

(Thousands of euros)	2018	2017
Balance at January 1	1,145	1,164
Net charges for the year	425	747
Cancellations	(641)	(766)
Balance at December 31	929	1,145

The write-off in 2018 and 2017 corresponds to the destruction of several inventories from the industrial division.

13. CASH AND CASH EQUIVALENTS

For consolidated cash-flow statement purposes, cash and cash equivalents include the following items:

(Thousands of euros)	2018	2017
Cash	42,300	15,000
Current accounts	73,049	164,043
Deposits under 3 months	66	2,176
Cash in hoppers	36,777	30,970
	152,192	212,189

These assets are unrestricted and earn market interest rates.

14. EQUITY

14.1 Subscribed capital and share premium

At December 31, 2018 the Parent Company's share capital consisted of 70,663 thousand registered shares with a face value of 1 euro each after a capital increase was carried out on July 2, 2018 with a share premium for an aggregated amount (capital increase plus share capital) of 706,603 thousand euros. The Sole Shareholder of the Parent Company is LHMC MIDCO, S.a.r.l. and all shares bear the same obligations and voting and economic rights.

All shares are pledged in favor of six financial institutions as a guarantee of a credit line.

14.2 Treasury shares

There are no treasury shares at December 31, 2018.

At December 31, 2017, given that these are special purpose consolidated financial statements, the former Parent Company owned 1,131,421 treasury shares at an average cost of 0.1626 each, which were shown reducing the Group's equity.

14.3 Retained earnings

The balance of this caption includes reserves of the Parent Company, which are non-distributable.

Legal reserve

In accordance with the Spanish Corporate Enterprises Act, Spanish companies obtaining profit will assign 10% of profit to the legal reserve, until its balance is equivalent to at least 20% of share capital. As long as it does not exceed this limit, the legal reserve can only be used to offset losses if no other reserves are available. This reserve can also be used to increase capital by the amount exceeding 10% of the new capital after the increase.

There is no legal reserve at December 31, 2018.

Additionally, the Group Spanish subsidiaries have provided the legal reserves at the amount required by the prevailing legislation.

14.4 Non-controlling interests

The balances related to non-controlling interests are as follows:

	Balance in statement of financial position		Share in profit/(loss)	
(Thousands of euros)	2018	2017	2018	2017
Division				
Casinos	102,910	145,004	8,388	11,839
Slots	(2,277)	78,020	4,779	2,092
B2B	2,356	3,096	228	296
Bingos	17,272	10,559	1,903	2,536
	120,261	236,679	15,298	16,763

The inter-annual variation of balances in the consolidated statement of financial position is as follows:

(Thousands of euros)	2018	2017
Balance at January 1	236,679	250,954
Share of profit/(loss) for the year	15,298	25,685
Translation differences	-	(8,340)
Net impact due to business combinations	2,484	1,117
Dividends paid	(26,242)	(32,737)
Sale of Argentinean companies	(107,958)	-
Balance at December 31	**120,261**	**236,679**

The main movement in 2018 corresponds to the exclusion of non-controlling interests of Argentinean companies from the scope of consolidation.

15. CORPORATE BONDS

At December 31, 2018 this caption mainly relates to a bond issue carried out by a group company domiciled in Luxembourg, Cirsa Finance International, S.a.r.l., on July 3, 2018 for an approximate amount of 1,560 million euros, which were partially used for the early repayment of previously issued bonds by the Cirsa Gaming Corporation Group, for an amount of 950 million euros.

The current corporate bonds comprise three tranches amounting to 663, 425 and 550 million US dollars, respectively. All of them mature in 2023 and earn interest at a rate of three-month Euribor of 6.25% plus 575 basis points, and 7.875% for each of the tranches, respectively.

These bonds were issued below par at a price of 97.75%, 97.7% and 97.75% for each of the three tranches, respectively.

Contracts subscribed in relation to the bonds issued by the subsidiaries in Luxembourg regulate certain obligations and commitments by the Group, which include, among others, the supply of periodic information, the maintenance of titles of ownership in subsidiaries, the restriction on disposal of significant assets, the compliance with certain debt ratios, the limitation on payment of dividends, the limitation on starting-up new businesses, and the restriction on the Group granting guarantees and endorsements to third parties. The Parent Company's Directors consider that all contractual obligations have been met. The shares of several Group companies have been assigned as security for these liabilities.

At December 31, 2018 the quoted price of the bonds recognized in the liabilities side of the balance sheet is 101.2%, 100.5% and 99.0% of their par value, for each of the three tranches.

16. BANK BORROWINGS

The breakdown of bank borrowings at December 31, 2018 and 2017 is as follows:

	2018			2017		
(Thousands of euros)	Non-current	Current	Total	Non-current	Current	Total
Mortgage and pledge loans	99	82	181	12,271	2,337	14,608
Other loans	51,571	26,967	78,538	21,454	50,372	71,826
Finance lease arrangements (Note 21.2)	452	929	1,381	2,202	3,854	6,056
Credit and discount lines	-	5,960	5,960	2,000	12,707	14,707
	52,122	33,938	86,060	37,927	69,270	107,197

Average interest rates accrued by these borrowings are as follows:

	Percentage	
	2018	2017
Loans	3.57%	2.73%
Finance lease arrangements	3.23%	7.39%
Credit and discount lines	2.27%	2.23%

The annual maturity date of these liabilities is as follows:

(Thousands of euros)	2018	2017
Within 1 year	33,937	69,270
Between 1 and 2 years	18,011	17,238
Between 2 and 3 years	14,591	9,704
Between 3 and 4 years	11,065	5,648
Between 4 and 5 years	7,871	3,076
More than 5 years	585	2,261
	86,060	107,197

At December 31, 2018 part of these liabilities, equal to 718 thousand euros is denominated in U.S. dollars (5,947 thousand euros at December 31, 2017).

At December 31, 2018, the shares of several subsidiaries were pledged in favor of six financial institutions as a guarantee for the credit line, whose utilization limit amounted to 200 million euros (75 million euros at December 31, 2017). At December 31, 2018 and 2017 the Group has not drawn down any balance of this credit line.

At December 31, 2018 the undrawn amount of credit and discount lines is 18,126 and 3,439 thousand euros, respectively, without considering the credit line commented in the paragraph above. These figures amounted to 11,135 and 3,601 thousand euros, respectively, at 2017 year end.

Finally, at December 31, 2018 and 2017 the guarantees given by credit institutions and insurance companies to the Group, in connection with official concessions were 100,713 and 124,453 thousand euros, respectively.

17. OTHER NON-TRADE PAYABLES

The breakdown of this heading is the following:

(Thousands of euros)	2018 Non-current	2018 Current	2018 Total	2017 Non-current	2017 Current	2017 Total
Public administrations	5	73,380	73,385	25,353	87,945	113,298
Bills payable	268	2,528	2,796	730	3,744	4,474
Sundry creditors	31,698	97,849	129,547	37,487	117,237	154,724
	31,971	173,757	205,728	63,570	208,926	272,496

At 2017 year end the non-current portion of liabilities with Public administrations referred mainly to the effect of the voluntary adherence to the payment standstill in relation to the tax on gross revenues in the Argentinean companies CBA and CBA-CIESA UTE (Note 1.2).

The current portion corresponds to gaming taxes with a short-term maturity (2018: 35,771 thousand euros, 2017: 40,568 thousand euros), outstanding settlements (not due) for the personal income tax, VAT, social security contributions and similar concepts.

Bills payable correspond mainly to debts arising from the acquisition of companies and operations of slot machines with deferred payment, discounted at market interest rate.

The caption *Non-current sundry creditors* mainly includes:

- Asset suppliers amounting to 8,206 thousand euros (6,994 thousand euros at prior year end).
- Non-current payable amount related to certain investments in Panama corresponding to a payable balance related to an investment agreement amounting to 6,264 thousand euros. The debt derived from this investment will be settled through 239 equal monthly instalments of 71 thousand dollars, including interest, the first payment being in February 2018 until February 2038. At December 31, 2018 the payable amount classified as non-current amounts to 5,935 thousand euros.
- Several payables for common transactions amounting to 11,061 thousand euros, with an undetermined maturity (12,763 thousand euros at prior year end).
- Non-current payable amount related to the acquisition of companies in Spain and the Dominican Republic at year end amounting to 1,849 thousand euros and 2,124 thousand euros, respectively.

The caption *Current sundry creditors* mainly includes:

- Asset suppliers amounting to 23,454 thousand euros (30,063 thousand euros at 2017 year end).
- Payables for the rendering of services amounting to 26,566 thousand euros (22,982 thousand euros at December 31, 2017).
- Current borrowings amounting to 9,380 thousand euros (18,076 thousand euros at prior year end), notably including the payable portion in 2018 for the investments in Peru and the Dominican Republic mentioned above.
- Employee benefits payable amounting to 23,241 thousand euros (33,280 thousand euros in the prior year) (Note 22.1).

18. NON-CURRENT PROVISIONS

The breakdown of this caption is as follows:

(Thousands of euros)	2018	2017
Personnel commitments	9,407	11,041
Tax contingencies	1,357	4,208
Other	1,330	3,147
Balance at December 31	**12,094**	**18,396**

The amount recognized in *Obligations in relation to employees* mainly consists of probable contingencies with the personnel in Italy and retirement incentives (in 2017 it also included the bonus plan for the Group's executives).

The amount recognized at December 31, 2017 as "Tax contingencies" mainly relates to certain liabilities in Mexico amounting to 2,904 thousand euros.

At December 31, 2018 and 2017 the amount shown under the caption 'Others' mainly consists of provisions for several risks and fines that are individually irrelevant.

The inter-annual variation of the balance is as follows:

(Thousands of euros)	2018	2017
Balance at January 1	18,396	23,031
Net charges for the year	5,179	9,694
Provisions utilized	(10,062)	(13,022)
Additions due to acquisition of companies	-	30
Exchange gains (losses)	198	(1,337)
Disposals due to sale of companies	(1,617)	-
Balance at December 31	**12,094**	**18,396**

19. TAXES

19.1 Tax group

The Company Cirsa Gaming Corporation, S.A., together with 65 Spanish group companies, which comply with tax legislation requirements, files tax returns on a consolidated basis. Additionally, there is another Spanish consolidated tax group in Spain, comprising 7 companies, of which the subsidiary Orlando Play, S.A. is the parent.

The other Group companies file income tax returns separately in accordance with applicable tax legislation in each country.

For the purposes of this note, the 2017 amounts have not been restated. Consequently, the income tax for said period includes discontinued operations.

19.2 Accrued and payable income tax

The annual tax expense that has been entirely recorded in the consolidated profit and loss account, since the Group has direct tax impacts on equity, is broken down as follows:

(Thousands of euros)	2018	2017
Current	39,073	57,124
Deferred for (increase) decrease in tax credits related to tax loss carryforwards and deductions	2,676	215
Deferred for temporary differences	1,029	4,194
Other	(14,400)	318
	28,378	**61,851**

'Other' includes, among others, the tax effects derived from amortization and other accounting revaluation adjustments as a result of the business combination of the Cirsa Group in 2018.

Income tax payable amounts at 13,064 thousand euros at December 31, 2018 (15,309 thousand euros at December 31, 2017) and mainly corresponds to the current income tax accrued in the several jurisdictions net of withholdings and payments on account for the period.

19.3 Analysis of tax expense

(Thousands of euros)	2018	2017
Profit before tax	33	158,364
Tax rate prevailing in Spain	25%	
Theoretical income tax expense	8	39,591
Adjustments – Effect of:		
Different tax rates prevailing in other countries	5,261	14,178
Countries in which there is no income tax and/or offset of losses	-	(882)
Impairment losses on assets and goodwill recognized solely for consolidation purposes	-	2,520
Utilization of (capitalized and uncapitalized) tax credits and deductions in prior years	3,705	(3,953)
Limitation on the deductibility of financial expenses in Spanish companies that will not be recovered	9,708	2,687
Other non-deductible expenses and other	9,696	7,710
	28,378	**61,851**

At December 31, 2018 and 2017 the effect of corrections in different tax rates mainly corresponds to the higher taxes applied in Mexico and Colombia (in 2017 also in Argentina).

At December 31, 2018 and 2017 non-deductible expenses consist, among others, of portfolio charges carried out by subsidiaries in Latin American countries.

19.4 Deferred tax assets and liabilities

(Thousands of euros)	2018	2017
Assets		
Tax loss carryforwards from the tax group whose parent is Cirsa Gaming Corporation	26,431	28,272
Tax loss carryforwards from the tax group whose parent is Orlando Play, S.A.	1,169	606
Tax loss carryforwards from other group companies	1,254	8,274
Deductible temporary differences:		
--- Impaired receivables	480	575
--- Impaired securities portfolio	10	2
--- Goodwill impaired in individual books	743	737
--- Intragroup margin write-off	5,628	5,189
--- Non-accounting impairment for tax purposes	1,924	4,131
Non-deductible amortization for accounting purposes	759	1,206
--- Other	7,182	7,548
	45,580	56,540
Liabilities		
Taxable temporary differences:		
--- Tax provision for maximum gaming prizes	(8,173)	(7,803)
--- Difference between tax depreciation and accounting depreciation	-	(511)
--- Non-accounting impairment for tax purposes	(2,364)	(5,683)
--- Margin write-offs	(1,974)	(2,297)
--- Business combinations (initial statement of non-current assets at fair value)	(275,133)	(96,041)
--- Other	(1,770)	(8,886)
	(289,414)	(121,221)

The Group estimates the taxable profits which it expects to obtain within the utilization period based on budgets. It also analyzes the reversal period of taxable temporary differences, identifying those that reverse in the years in which unused tax loss carryforwards may be used, considering the application of the Royal Decree-Law mentioned above. Based on this analysis, the Group has recorded deferred tax assets for unused tax loss carryforwards as well as unused deductions and deductible temporary differences for which it is considered probable that sufficient taxable profit will be generated in the future against which they can be utilized within a reasonable period of time.

The breakdown of unused tax losses carryforwards at December 31, 2018 for the two tax groups whose parent companies are, respectively, Cirsa Gaming Corporation, S.A. and the subsidiary Orlando Play, S.A., is as follows:

(Thousands of euros)	Unused tax loss carryforwards	
Arising in	Tax group whose parent is Cirsa Gaming Corporation, S.A.	Tax group whose parent is Orlando Play, S.A.
1999	410	-
2000	173	-
2001	9,309	-
2002	154	-
2003	6,416	-
2004	11,534	-
2005	24,383	-
2006	276	937
2007	12,032	396
2008	1,790	372
2009	11,698	1,319
2010	13,036	-
2011	37,344	-
2012	12,177	-
2013	3,506	-
2014	24,377	-
2015	379	1,517
2016	260	908
2017	-	-
2018	4,859	2,251

Tax group whose parent is Cirsa Gaming Corporation, S.A.

At December 31, 2018 and 2017 said tax group recognized deferred tax assets amounting to 26,431 and 28,272 thousand euros, respectively, relating to unused tax loss carryforwards of the tax group. No deferred tax assets were recorded for the rest of unused tax loss carryforwards (which at December 31, 2018 amount to 17,098 thousand euros; 21,173 thousand euros at December 31, 2017), since their future application is uncertain within a reasonable period of time.

In addition to tax credits for tax loss carryforwards, the tax group whose parent is Cirsa Gaming Corporation, S.A. holds additional tax credits amounting to 52,534 thousand euros at December 31, 2018 (2017: 55,463 thousand euros), for unused tax deductions that were not capitalized for not meeting the terms to be utilized.

(Thousands of euros) Last year for utilization	Unused deductions at December 31, 2018
2018	1,035
2019	3,521
2020	2,486
2021	6,591
2022	865
2023	903
2024	1,290
2025	566
2026	419
2027	1,675
2028	721
2029	252
2030	284
2031	268
2032	228
2033	188
2034	192
2035	209
No time limit for utilization	30,840

Tax group whose parent is Orlando Play, S.A.

In 2010 the tax group whose parent is Orlando Play, S.A. was constituted.

At December 31, 2018 the Group had recognized deferred tax assets amounting to 1,169 thousand euros (606 thousand euros at prior year end) corresponding to unused tax loss carryforwards.

Additionally, said tax group has deferred tax assets related to unused tax loss carryforwards and unused deductions amounting to 756 and 744 thousand euros, respectively (756 and 760 thousand euros, respectively, at the prior year) for which the corresponding deferred tax assets have not been recognized, since the requirements established by the applicable framework for financial information are not met.

19.5 Other information

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by the tax authorities, or until the corresponding inspection period has expired.

On March 7, 2018 the Group was notified of the start of general verification and investigation proceedings regarding the corporate income tax for the years 2013 to 2016 of the 26/94 tax consolidation group and, on a separate basis, of the companies Cirsa Gaming Corporation, S.A., Cirsa International Gaming Corporation, S.A., Global Game Machine Corporation, S.A., Juegomatic, S.A., Uniplay, S.L. and Universal de Desarrollos Electrónicos, S.A.

On the same date, the Group was also notified of the start of partial verification and investigation proceedings regarding the Value Added Tax, of the group of entities included in the regime of entities for that tax, for the periods comprised between February 2014 and December 2016. Additionally, for these companies, the Group has also been notified of the start of general verification proceedings, for the periods comprised between February 2014 and December 2016, regarding the following concepts:

- Value Added Tax (for the periods when they were not included in the group of entities)
- Withholdings/prepayments on employee/independent professionals income tax.

The Group does not expect that any significant liability will arise as a result of this inspection, which at December 31, 2018 has not yet been completed.

In general, the prescription periods for countries where the Group has significant presence are between four and five years after the end of the statutory period for filing tax returns.

20. DISCONTINUED OPERATIONS

The income statement of discontinued operations in Argentina breaks down as follows:

(Thousands of euros)	Notes	2018	2017
Income from gaming activities		131,373	299,748
Other operating income		8,633	21,500
Bingo prizes		(19)	(69)
Total operating income		**139,987**	**321,179**
Variable rent		(602)	(974)
Total operating income net of variable rent		**139,385**	**320,205**
Cost of sales		(2,906)	(7,708)
Employee benefits expense	22.1	(33,685)	(84,538)
Utilities and external services	22.2	(16,585)	(39,528)
Gaming taxes and other similar taxes		(47,038)	(112,243)
Charge to depreciation and amortization and impairment of assets		(7,419)	(18,289)
Change in operating provisions		(24)	(48)
Finance income		1,073	3,401
Finance costs		(2,902)	(8,645)
Chg. in financial provisions		-	-
Gains/(losses) on investments in associates		582	1,708
Exchange gains / (losses), net	22.3	12,779	2,955
Gains/(losses) on disposal/derecognition of non-current assets		(70)	10
Profit / (loss) before tax		**43,190**	**57,280**
Income tax		(15,458)	(22,712)
Net profit/(loss) for the year from discontinued operations		**27,732**	**34,568**
Profit/(loss) attributable to non-controlling interests from discontinued operations		**(3,455)**	**(8,922)**
Impact of the sale of companies in Argentina		**(264,643)**	**-**
Profit/(loss) from discontinued operations		**(240,366)**	**26,646**

The impact of the sale of Cirsa International Gaming Corporation, S.A. and its subsidiaries at the date of sale (mainly Argentinean) derives from the selling price quantified at 136.7 million euros and the impact of the derecognition from equity of the several accumulated effects thereof. This impact consists of a positive effect on equity of 26 million euros and negative effects on equity due to the reclassification to the income statement of translation differences and non-controlling interests for the remaining amount.

The cash flows would break down as follows:

(Thousands of euros)	2018	2017
Cash flows from operating activities	21,419	35,872
Cash flows from investing activities	(28,942)	(980)
Cash flows from financing activities	(7,449)	(21,112)
Net cash flows	(14,972)	13,780

21. LEASES

21.1 Operating leases

The Group has leases on several buildings for an average term between three and five years, with no renewal clauses.

The future minimum payments under non-cancelable operating leases at December 31 are as follows:

(Thousands of euros)	2018	2017
Within 1 year	85,017	81,354
Between 1 and 5 years	384,758	350,565
More than 5 years	108,506	94,312
	578,281	526,231

21.2 Finance leases

The Group has financed several acquisitions of property, plant and equipment (mainly slot machines) through finance lease arrangements. The future minimum payments under finance leases and their present value are as follows:

	2018		2017	
(Thousands of euros)	Minimum payments	Present value of payments (Note 16)	Minimum payments	Present value of payments (Note 16)
Within 1 year	1,161	929	4,818	3,854
Between 1 and 5 years	565	452	3,457	2,202
	1,726	1,381	8,275	6,056

Acquisition of property, plant and equipment through finance lease arrangements, not recorded as cash flows in investing activities in the consolidated cash flow statement, amounted to 3,062 thousand euros in 2017.

22. INCOME AND EXPENSES

22.1 Employee benefits expense

	2018		2017	
(Thousands of euros)	Continuing operatioı	Discontinued operations	Continuing operatioı	Discontinued operations
Wages and salaries	228,760	23,653	177,542	58,219
Social Security	39,734	7,869	37,439	20,079
Termination benefits	3,491	581	3,464	2,235
Other	9,865	1,582	9,664	4,005
	281,850	33,685	228,109	84,538

Remunerations pending payment at December 31, 2018 and 2017 (23,241 and 33,280 thousand euros, respectively) are included in *Other non-trade payables - Sundry creditors* (Note 17).

22.2 Utilities and external services

	2018		2017	
(Thousands of euros)	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Leases and royalties	90,064	1,609	83,820	3,623
Publicity, advertising, and public relations	45,383	2,182	41,617	5,783
Professional services	35,337	2,119	21,982	4,346
Other services	20,193	1,383	15,157	3,325
Utilities	26,065	3,532	24,844	7,618
Travel expenses	9,334	239	11,388	484
Repairs and maintenance	8,206	2,204	17,646	6,286
Security services	8,948	941	8,417	2,327
Postal services, communications and	9,809	548	8,985	1,489
Insurance premiums	5,774	120	5,484	321
Cleaning services	7,641	376	7,401	976
Bank services et al.	8,387	686	8,340	1,385
Transportation	1,462	646	1,534	1,565
Development costs and patents (Note 6.2)	66	-	41	-
	276,669	16,585	256,666	39,528

Exchange gains (losses)

	2018		2017	
(Thousands of euros)	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Positive	14,013	133,380	3,903	38,395
Negative	(25,526)	(120,601)	(5,178)	(35,440)
	(11,513)	12,779	(1,275)	2,955

Net exchange gains/(losses) from translation of financial balances in foreign currency between Group companies are recognized in *Translation differences*, as a component that decreases shareholders' equity at December 31, 2018 by 594 thousand euros (2017: it decreased shareholders' equity by 8,513 thousand euros), since they are considered as exchange gains/(losses) arising from monetary components of a net investment in a foreign business.

23. RELATED PARTIES

No Cirsa Group-related companies have entered into any transactions or have any outstanding balances with other subsidiaries of LHMC Topco, S.a.r.l. or the Blackstone Group.

24. CONTINGENCIES

The Group has litigation proceedings, claims and other administrative procedures underway as a result of the normal course of business in the countries where it carries out its activity. However, the Group does not expect that any unprovisioned significant liabilities will arise as a result of the above proceedings.

25. INFORMATION ON ENVIRONMENTAL ISSUES

Given the characteristics of the activities performed by the group companies, at year end it was not necessary to record any expenses and/or investments related to transactions for preventing, reducing or repairing environmental damage.

26. AUDIT FEES

Fees and expenses paid for the audit services provided by the main auditors and other firms belonging to the auditor's international network amounted to 968 thousand euros in 2018 (2017: 1,356 thousand euros).

In addition, fees and expenses paid for other services provided by the main auditors or other related entities amounted to 571 thousand euros in 2018 (2017: 65 thousand euros).

27. OTHER RELATED PARTIES

The breakdown of the remuneration earned by the key executives of Group Management is as follows:

(Thousands of euros)	2018	2017
Short-term employee benefits	3,600	4,500
Other long-term benefits	1,000	1,000
(Net) payments in LHMC Topco S.à.r.l. shares	20,000	-

No additional transactions have been carried out and no other outstanding balances exists with group-related parties.

28. OBJECTIVES AND POLICIES OF FINANCIAL RISK MANAGEMENT

The Group is exposed to credit risk, interest risk, exchange risk and liquidity risk during the normal development of its activities.

The Group's main financial instruments include bonds, bank loans, credit and discount lines, financing obtained through the deferral of gaming taxes, financial leases, deferred payments for purchase of businesses, and cash and current deposits.

The Group's policy establishes that no trading in derivatives (exchange rates insurance) to manage exchange rate risks arising from certain fund sources in U.S. dollars will be undertaken. The Group does not use financial derivatives to cover fluctuations in interest rates, either.

28.1 Credit risk

Most of the operations carried out by the Group are in cash. For receivables from other activities, the Group has established a credit policy and risk exposure in collection is managed in the ordinary course of business. Credit assessments are carried out for all customers who require a limit higher than 60 thousand euros.

Guarantees on loans and credit risk exposure are shown in Note 9.

28.2 Interest rate risk

External finance is mainly based on the issuance of corporate bonds at fixed and floating interest rate. Bank borrowings (credit policies, trading discounts, financial lease agreements) as well as deferred payments with public administrations and other long-term non-trade payables have a variable interest rate that is reviewed annually. Previous Notes show interest rates of debt instruments.

The breakdown of liabilities that accrue interests at 2018 and 2017 year end is as follows:

	2018		2017	
(Thousands of euros)	Fixed Interest rate	Floating Interest rate	Fixed interest rate	Floating Interest rate
Bonds	1,111,727	413,173	943,151	-
Bank borrowings	-	86,060	-	107,196
Other payables	-	32,091	-	80,961
	1,111,727	531,324	943,151	188,157

At December 31, 2018 financial liabilities at a fixed interest rate represented 63% of total liabilities (83% at 2017 year end). In this regard, the Group's sensitivity to fluctuations in interest rates is low: a variation of 100 basis points in floating rates would lead to a change in the result amounting to 5,314 thousand euros in 2018 and 1,882 thousand euros in 2017.

The Group estimates that fair value of the financial liabilities' instruments does not differ significantly from the accounted amounts, except for that indicated in Note 15.

The breakdown of assets that accrue interests at 2018 and 2017 year end is as follows:

(Thousands of euros)	2018 Fixed interest rate	2018 Floating interest rate	2017 Fixed interest rate	2017 Floating interest rate
Nortia Business Corporation, S.L.	-	-	74,809	-
Loans to joint ventures and associates	5,763	-	9,386	610
Loans to third parties	5,193	13,932	6,312	19,881
Guarantees and deposits	24,826	-	22,065	-
Fixed income securities and deposits	1,198	-	14,413	-
	36,980	13,932	126,985	20,491

The Group estimates that the fair value of the assets' financial instruments does not differ significantly from the net book value.

28.3 Foreign currency risk

The Group is exposed to foreign currency risk in businesses located in Latin America, which affect significantly sales and expenses, Group results and the value of certain assets and liabilities in currencies other than the euro. It is also affected to a lesser extent by granted and received loans. The currency that basically generates exchange risks is the US dollar, since a portion of the corporate bonds is issued in US dollars.

In order to reduce risks, the Group conducts policies aimed to keep balanced collection and payments in cash of assets and liabilities in foreign currency.

The following study on sensitivity shows the foreign currency risk:

- Sensitivity of the profit for the year before tax against fluctuations of the exchange rate US dollar/euro

Change	Thousands of euros 2018	Thousands of euros 2017
+ 10%	(4,020)	(5,256)
+ 5%	(2,106)	(2,753)
- 5%	2,328	3,043
-10%	4,914	6,423

28.4 Liquidity risk

The exposure to unfavorable situations of debt markets can make difficult or prevent from hedging the financial needs required for the appropriate development of Group activities.

At December 31, 2018 and 2017, the Group shows positive working capital. This should be read within the context of the Group's activities, which are mostly based on revenues that generate cash every day, resulting in very high cash flows from operations, as observed in the consolidated statement of cash flows. Additionally, the Group obtains very high EBITDA, as shown in the consolidated statement of comprehensive income, which allows it to face debt service without cash difficulties.

Additionally, to manage liquidity risk, the Group applies different measures:

- Diversification of financing sources through the access to different banking and capital markets. In this regard, the Group has an additional borrowing capacity (see quantitative data in Note 16).

- Credit facilities committed for the sufficient amount and flexibility. Accordingly, the Group has available cash and cash equivalents amounting to approximately 115 million euros at December 31, 2018 (2017: 181 million euros), to meet unexpected payments.

- The length and repayment schedule for financing through debt is established based on the financed needs.

In this regard, the Group's liquidity police ensure to meet its payment obligations without requiring the access to funds in costly terms.

Additionally, it is noteworthy that both at Group and individual business level, the Group performs projections regularly on the generation and expected cash needs, in order to determine and monitor the Group's liquidity position.

The relevant information on the maturity dates of financial liabilities based on contractual terms is broken down in Notes 15, 16 and 17.

29. CAPITAL MANAGEMENT POLICY

The main objectives of the Group's capital management are to ensure financial stability in the short and long term, appropriate return rates, increased business value and ensure proper and adequate financing of investments and projects to be conducted in a framework of controlled expansion.

The Group's strategy in 2018 is to enhance the more profitable business and to act decisively on the deficit operations, to significantly improve the results and net cash flows. Control of investments and costs restraint have also been established as a priority action, with satisfactory results.

As stated in Note 15, the contracts entered into in relation to corporate bonds issued include limitations on the payment of dividends. The Company does not intend to distribute dividends in the short to medium term given that the Group policy is not to distribute dividends.

30. SUBSEQUENT EVENTS

No significant events have occurred after the reporting date other than those already mentioned in the notes that may condition the information included in the 2018 consolidated financial statements of Cirsa Enterprises Group, whose activity has been carried out satisfactorily.

The undersigned, whose positions are indicated under their names, hereby CERTIFY the accuracy and integrity of the special purpose consolidated financial statements for the year ended 2018 of Cirsa Enterprises Group.

Terrassa, March 29, 2019

Mr. Joaquin Agut Chair	Mr. Lionel Yves Assant Vice-Chair	Mr. Haide Hong Secretary
Mr. Miguel Garcla		Mr. Antonio Hostench

List of subsidiaries

Company	Activity	Ownership Percentage 2018	Ownership Percentage 2017	Investment holder	Business address	City	Province/Country
Administradores De Personal En Entretenimiento, SA de CV	Bingos	100,00%	100,00%	Bincamex, S.A. de CV.	Guillermo Gonzalez Camarena, 660 Piso 8	Mexico City	Mexico
Ajar, S.A.	Bingos	75,00%	75,00%	Global Bingo Corporation, S.A.U.	Av. Muñoz Vargas, 18	Huelva	Huelva
Alfematic, S.A.	Slots	50,00%	50,00%	Cirsa Slot Corporation, S.A.U.	Ctra, Rellinars, 345	Terrassa	Barcelona
Amical Trading, S.L.	Slots	76,76%	76,76%	Global Game Machine Corporation, S.A.U.	C/ Pi i Margall, 201	Terrassa	Barcelona
Ancon Entertainment, INC.	Casinos	50,00%	50,00%	Cirsa International Business Corporation, S.L.U.	Calle 50 y 73 Este San Francisco	Panama City	Panama
Apple Games 2000, S.L.	Slots	49,50%	49,50%	Egartronic, S.A.	Sequia de Favara, 11	Picanya	Valencia
Apuestas Electrónicas, S.L.U	Slots	51,00%	51,00%	Comercial de Recreativos Salamanca, S.A.U.	C/ del Toros, 3	Plasencia	Cáceres
Automáticos Essan, S.A.U	Slots	100,00%	100,00%	Recreativos Ergosa, S.L.U	Cna. de Castellar, 298	Terrassa	Barcelona
Automáticos Manchegos, S.L.U.	Slots	51,00%	51,00%	Interservi, S.A.	Crta. Nacional 420, km 286	Alcazar de San Juan	Ciudad Real
Automaticos Maxorata, S.A.	Slots	55,00%	55,00%	Comercial Jupama, S.A.	c/ Suarez Naranjo, 45	Las Palmas	Gran Canaria
Bar Juegos, S.L.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Barnaplay, S.A.U.	Slots	100,00%	100,00%	Miky, S.L	Paseo Maragall, 103 - 105	Barcelona	Barcelona
Bema - Euromatic, S.A.	Slots	60,71%	60,71%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Bingalo, S.A	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U. y Global Bingo Madrid, S.A.U	General Ricardos, 176	Madrid	Madrid
Bincamex, S.A. de C.V.	Bingos	100,00%	100,00%	International Mex Business, S.L.U.	Cantú, 9 - 601, Colonia Nueva Anzures	Mexico City	Mexico
Bincano, S.A.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U.	Elcano, 30-32	Bilbao	Vizcaya
Bingames, S.A.U	Bingos	-	100,00%	Global Bingo Corporation, S.A.U.	Crta. Castellar, 298	Terrassa	Barcelona
Bingaser, A.I.E.	Bingos	100,00%	100,00%	Varios	Fermina Sevillano, 5-7	Madrid	Madrid
Bingo Santvan, S.A.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U.	Ctra. N-340 Km. 1189	El Vendrell	Tarragona
Bingos Andaluces, S.A.	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Asunción, 3	Sevilla	Sevilla
Bingos Benidorm, S.A.	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Plaza Doctor Fleming, s/n	Benidorm	Alicante
Bingos de Madrid Reunidos, S.A.U.	Bingos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Bingos Electronicos De Panamá, S.A.U.	Casinos	100,00%	100,00%	Gaming & Services De Panamá, S.A.U.	Calle 50 y 73 Este San Francisco	Panama City	Panama
Bumex Land, S.L.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U	Elcano, 30-32	Bilbao	Vizcaya
Casino Buenos Aires, S.A.	Casinos	-	100,00%	Cirsa International Gaming Corporation, S.A.U. y Gestión de Juego Integral, S.A.U.	Avda. Elvira Rawson de Delleplane, s/n	Buenos Aires	Argentina
Casino Cirsa Valencia, S.A.U.	Casinos	100,00%	100,00%	Global Casino Technology Corporation, S.A.U.	Avda. de las Cortes Valencianas, 59	Valencia	Valencia
Casino de Rosario, S.A.	Casinos	-	50,00%	Casino Buenos Aires, S.A.	C/Córdoba, 1365,Piso 5 of. 508	Santa Fé-Rosario	Argentina
Casino El Cacique, S.A.U.	Casinos	100,00%	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Casino Nueva Andalucia Marbella, S.A.U.	Casinos	100,00%	100,00%	Global Casino Technology Corporation, S.A.U.	Ctra. Cádiz-Málaga Km. 180	Marbella	Málaga
Casinos del Caribe, S.R.L.	Casinos	100,00%	-	Cirsa International Business Corporation, S.L.U.	Avda. George Washinton, 367 2º Piso Hotel Jaragua	Santo Domingo de Guzmán	Dominican Republic
Casinos Pájaro Trueno, S.A.U.	Casinos	100,00%	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Cirsa•, S.R.L.	Slots	100,00%	51,00%	Cirsagest, S.P.A.U.	Via Toscana, 31	Buccinasco	Milan
Cirsa Brasil Participacoes, LTDA.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U.	Rua Gertrudes do Lima, nº 53 - Sala 42 Centro	Santo André	Brazil
Cirsaecuador, S.A.U.	Casinos	-	100,00%	Cirsa International Gaming Corporation, S.A.U.	Inglaterra E3263 y Ava. Amazonas	Quito	Ecuador
Cirsa Caribe, C.A.	Casinos	-	70,00%	Cirsa Venezuela, C.A.U.	Avda. 4 de Mayo, Centro Comercial, Local 41	Porlamar	Venezuela
Cirsa Estrellas del Caribe, S.A.U.	Casinos	100,00%	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Cirsa Finance International, S.A.R.L.U.	Structure	100,00%	-	Cirsa Enterprises, S.L.U.	Rue Eugene Ruppert, 2 - 4	Luxembourg	Luxembourg
Cirsa Funding Luxembourg, S.A.U	Structure	-	100,00%	Cirsa Gaming Corporation, S.A.	Rue Charles Martel, 58	Luxembourg	Luxembourg
Cirsa Gaming Corporation, S.A.U.	Structure	100,00%	100,00%	Cirsa Enterprises, S.L.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Cirsa Gran Entretenimiento De Costa Rica, S.A.U.	Casinos	100,00%	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Cirsa Interactive Corporation, S.L.U.	B2B	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Cirsa International Gaming Corporation, S.A.U.	Casinos	-	100,00%	Cirsa Gaming Corporation, S.A	Ctra. Castellar, 298	Terrassa	Barcelona
Cirsa International Business Corporation, S.L.U.	Casinos	100,00%	-	Cirsa Gaming Corporation, S.A.U.	C/ Fermina Sevillano, 5 -7	Madrid	Madrid
Cirsa Italia Holding, S.p.A.U.	Slots	100,00%	100,00%	Cirsa International Business Corporation, S.L.U.	Centro Direzionale Milanofiori, Strada 2	Assago (Milan)	Italy
Cirsa Italia, S.p.A.U.	Slots	100,00%	100,00%	Cirsa Italia Holding, S.p.A.U.	Centro Direzionale Milanofiori, Strada 2	Assago (Milan)	Italy
Cirsa Panamá, S.A.U.	Casinos	-	100,00%	Cirsa International Gaming Corporation, S.A.U.	Via Domingo Díaz	Panama City	Panama
Cirsa Servicios Corporativos, S.L.U.	Structure	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Cirsa Slot Corporation, S.A.U.	Slots	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Cirsa Venezuela, C.A.U.	Casinos	-	100,00%	Cirsa International Gaming Corporation, S.A.U.	D. Marino, Nueva Esparta, Porlamar	Isla Margarita	Venezuela
Cirsagest, S.P.A.	Slots	100,00%	100,00%	Cirsa Italia Holding, S.p.A.U.	Centro Direzionale Milanofiori, Strada 2	Assago	Italy
Club Privado De Fumadores Nuestro Espacio	Bingos	100,00%	100,00%	Bingos de Madrid Reunidos, S.A.U.	C/ Bravo Murilo, 309	Madrid	Madrid
Comdibal 2000, S.L.	B2B	51,00%	51,00%	Universal de desarrollos Electronicos, S.A.U.	Pl. Els Bellots, c/ del Aire, 1	Terrassa	Barcelona
Comercial de Desarrollos Electrónicos, S.A.U.	Slots	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Pl i Margall, 201	Terrassa	Barcelona

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Company	Activity	Ownership Percentage 2018	Ownership Percentage 2017	Investment holder	Business address	City	Province/Country
Comercial de Recreativos Salamanca, S.A.U.	Slots	51,00%	51,00%	Tecnoappol, S.L.	C/ Cuarta, 17 P.I. El Montalvo	Carbajosa de la Sagrada	Salamanca
Comercial Jupama, S.A.	Slots	50,00%	50,00%	Cirsa Slot Corporation, S.A.U.	c/ Suarez Naranjo, 45	Las Palmas	Gran Canaria
Complejo Hotelero Monte Picayo, S.A.U	Casinos	-	100,00%	Global Casino Technology Corporation, S.A.U	Complejo Hotelero Monte Picayo	Sagunto	Valencia
Cotecnic 2000, S.L.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Egartronic, S.A	Slots	51,00%	51,00%	Cirsa Slot Corporation, S.A.U	C/ del Aire, 1 Pol. Ind. Els Bellots	Terrassa	Barcelona
Electrónicos Radisa, S.L.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Elettronola Firenze, S.R.L.U.	Slots	100,00%	100,00%	Cirsagest, S.P.A.U.	Centro Direzionale Milanofiori Strada 2, Palazzo D4	Assago	Milan
Ferrojuegos, S.A	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U. y Global Bingo Madrid, S.A.U.	Ferrocarril, 38	Madrid	Madrid
Flamingo Euromatic-100, S.L.U.	Slots	51,00%	51,00%	Orlando Play, S.A.	P.I. La Juaida, C/Sierra Telar, 40	Viator	Almeria
Gaming & Services de Panamá, S.A.U.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U.	Calle 50, PH. Torre Global, piso 40	Panama City	Panama
Gaming & Services, S.A.C.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U.	Av. Ricardo Palma, 341 Miraflores	Lima	Peru
Gambimatic, S.L.U.	Slots	50,00%	50,00%	Alfematic, S.A.	Ctra. Rellinars, 345	Terrassa	Barcelona
Garrido Player, S.L.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Gema, S.r.l.U.	Bingos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U.	Centro Direzionale Milanofiori, Strada 2, Pal D4	Assago (Milan)	Italy
Genper, S. A.	Slots	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Pi I Margall, 201	Terrassa	Barcelona
Gestión del Juego Integral, S.A.U.	Casinos	-	100,00%	Cirsa Interactive Corporation, S.L.U	Ctra. Castellar, 298	Terrassa	Barcelona
Gimar Jocs, S.L.U.	Slots	100,00%	100,00%	Miky, S.L.	Paseo Maragall, 103	Barcelona	Barcelona
Global Betting Aragón, S.L.U.	Slots	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	C/ Jaime Ferran, 5 Pol. Ind. La Cogullada	Zaragoza	Zaragoza
Global Bingo Corporation, S.A.U.	Bingos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Global Bingo Madrid, S.A.U	Bingos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Global Bingo Stars, S.A.U.	Bingos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Global Casino Technology Corporation, S.A.U.	Casinos	100,00%	100,00%	Cirsa Gaming Corporation, S.A	Ctra. de Castellar, 298	Terrassa	Barcelona
Global Game Machine Corporation, S.A.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Pi i Margall, 201	Terrassa	Barcelona
Global Real State, S.A.S.U.	Casinos	100,00%	100,00%	Winner Group, S.A.	Calle 90 No. 19C-32 P.4	Bogota	Colombia
Global Manufacturing Corporation, S.L.U	B2B	-	100,00%	Cirsa Gaming Corporation, S.A.	Ctra. de Castellar, 298	Terrassa	Barcelona
Global TC Corp., S.A.U	Casinos	100,00%	100,00%	Gaming & Services de Panamá, S.A.U.	C/ Cuarta, Casa 39 - Urbanización Parque Lefevre	Panama City	Panama
Goldenplay, S.L.U.	Slots	51,00%	51,00%	Orlando Play, S.A.	German Bernacer, 22 P.I. Elche Parque Ind	Elche	Alicante
Gran Casino de las Palmas, S.A.	Casinos	51,00%	100,00%	Global Casino Technology Corporation, S.A.U.	c/ Simón Bolivar, 3	Las Palmas	Gran Canaria
Grasolar, S.A.U.	Bingos	100,00%	100,00%	Tolma Enea, S.L.U.	Av. Generalitat, 6	Sta. Coloma	Barcelona
Grupo Cirsa De Costa Rica, S.A U.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Iber Matic Games S.L.	Slots	51,00%	51,00%	Cirsa Slot Corporation, S.A.U.	C/ Jaime Ferran, 2-4	Zaragoza	Zaragoza
Inmobiliaria Rapid, S.A.C.	Casinos	100,00%	100,00%	Gaming And Services, S.A.C.	Av. Ricardo Palma, 341 Miraflores	Lima	Peru
Integración Inmobiliaria World de Mexico, S.A. De C.V.	Bingos	100,00%	100,00%	Promociones e Inversiones de Guerrero, S.A.P.I. De C.V.	c/ Guillermo Gonzalez Camarena 600 Piso 8	Mexico City	Mexico
International Bingo Technology, S.A.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U	Pi i Margall, 201	Terrassa	Barcelona
International Mex Business, S.L.U.	Bingos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Interplay, S.A.U.	Slots	51,00%	51,00%	Egartronic, S.A.	C/ Francia, 26 y 27	Puerto Real	Cádiz
Interservi, S.A.	Slots	51,00%	51,00%	Cirsa Slot Corporation, S.A.U.	Ctra. Nacional 420, km 289	Alcázar de San Juan	Ciudad Real
Inversiones Interactivas, S.A.	Casinos	70,00%	70,00%	Orbis Development, S.A.U.	C/ 57 y Avenida Obarrio	Panama City	Panama
Investment & Securities Iberica, S.A.U.	Casinos	100,00%	100,00%	Cirsa Internacional Business Corporation, S.L.U	Ctra. Castellar, 298	Terrassa	Barcelona
Italtronic, S.R.L.U.	Bingos	100,00%	100,00%	Cirsa Italia Holding, S.p.A.U.	Milano Fiori, Strada 2, Palazzo D4	Assago	Italy
Ivisa - Casino Buenos Aires, U.T.E.	B2B	-	100,00%	Casino Buenos Aires, S.A	C/ Adolfo Alsina, 1729 P B.	Buenos Aires	Argentina
Jesali, S.A.U.	Casinos	-	100,00%	Complejo Hotelero Monte Picayo, S.A.U.	Complejo Hotelero Monte Picayo	Sagunto	Valencia
Juegomatic, S.A.	Slots	100,00%	100,00%	Global Game Machine Corporation, S.A.U	Av. Velázquez, 91	Málaga	Málaga
Juegos Del Oeste, S.L.U.	Slots	51,00%	51,00%	Apuestas Electrónicas, S.L.U.	C/ del Toros, 3	Plasencia	Cáceres
Juegos San José, S. A.	Bingos	47,50%	47,50%	Global Bingo Corporation, S.A.U.	General Mas De Gaminde, 47 Bajos	Las Palmas G.C.	Gran Canaria
La Barra Ancon, S.A.U.	Casinos	50,00%	50,00%	Ancon Entertainment, Inc	Calle 50 y 73 Este San Francisco	Panama City	Panama
La Barra Panama, S.A.U.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Calle 50 y 73 Este San Francisco	Panama City	Panama
La Cafetería del Bingo, S.L.	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Asunción, 3	Sevilla	Sevilla
La Selva Inversiones, S.A.C.U.	Casinos	100,00%	100,00%	Gaming And Services, S.A.C.	C/ Jr. Loreto, 228	Tambopata	Peru
Les Loisirs Du Paradis, S.A.R.L.U.	Casinos	82,00%	82,00%	Resort Paradise AB	Hotel Atlantic Palace Secteur balneaire et touristique	Agadir	Morocco
L&G Bussines, S.L.U.	Slots	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Ctra. Castellar, 338	Terrassa	Barcelona
Lightmoon International 21, S.L.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Lista Azul, S.A.U.	Bingos	100,00%	100,00%	International Bingo Technology, S.A.U	Gran Passeig de Ronda, 87	Lleida	Lleida

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Losimal, S.A.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Av. De la Albufera, 129	Madrid	Madrid
Macrojuegos, S.A.	Bingos	51,00%	51,00%	International Bingo Technology, S.A.U.	Dionisio Guardiola, 34	Albacete	Albacete
Majestic 507 Corp. S.A.	Casinos	50,00%	50,00%	Gaming & Services de Panamá, S.A.U.	Calle 50, Calle 73 Este	Panama City	Panama
Maquileiro, S.L.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Marchamatic Indalo, S.L.U.	Slots	51,00%	51,00%	Orlando Play, S.A.	C/Sierra Telar, 40	Viator	Almería
MCA Automatics, S.L.U.	Slots	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Crta. Castellar, 298	Terrassa	Barcelona
Merengue Bar Gran Casino Jaragua, GCJ, S.R.L.U	Casinos	100,00%	-	Casinos Del Caribe, S.R.L.	Avda. George Washinton, 367 2º Piso	Sto. Domingo de Guzmán	Dominican Republic
Miky, S.L.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	c/ Paseo Maragall, 103 - 105	Barcelona	Barcelona
Montri, S.A.U.	Slots	51,00%	51,00%	Iber Matic Games, S.L.	C/ del Aire, 1 Pol. Ind. Els Bellots	Terrassa	Barcelona
New Laomar, S.L.U.	Slots	51,00%	51,00%	Orlando Play, S.A.	c/Sierra Telar, 40	Viator	Almería
New York Game, S.L.U.	Slots	100,00%	50,00%	Cirsa Slot Corporation, S.A.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Nightfall Construcciones, S.R.L.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Avda. Abraham Lincoln	Santo Domingo	Dominican Republic
Noria Real Estate Colombia, S.L.U.	Casinos	100,00%	-	Cirsa Gaming Corporation, S.A.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Oper Ibiza, S.L.	Slots	51,00%	51,00%	Cirsa Slot Corporation, S.A.U	C/ dels Llauradors 45	Sant Antoni de Portmany	Baleares
Operación Banshai, S.A.U.	Casinos	100,00%	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 8, Piso 3	San José	Costa Rica
Operadora de Entretenimiento Manzanillo, S.A. de C.V.	Bingos	60,00%	60,00%	Bincamex, S.A. de CV.	c/ Guillermo Gonzalez Camarena 800 Piso 8	Mexico City	Mexico
Operadora Internacional de Recreativos, S.A.	Slots	51,00%	51,00%	Cirsa Slot Corporation, S.A.U.	c/ Cervantes, 14 1	Gijón	Asturias
Orbis Development, S.A.U.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Swiss Tower, 16th floor, World Trade Center	Panama City	Panama
Orlando Italia, S.r.l.	Slots	51,00%	51,00%	Orlando Play, S.A.	Milano Fiori, Strada 2, Palazzo D4	Assago	Italy
Orlando Play, S.A.	Slots	51,00%	51,00%	Global Game Machine Corporation, S.A.U.	Sierra Telar, 40 P.I. La Juaida	Viator	Almería
Patterson Lake Business Services, S.A.U.	Casinos	100,00%	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Playcat, S.A.U.	Bingos	100,00%	100,00%	International Bingo Technology, S.A.U.	Cádiz, 1	Terrassa	Barcelona
Princesa 31, S.A.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U. y Bingos de Madrid Reunidos, S.A.U.	Princesa, 31	Madrid	Madrid
Promociones e Inversiones de Guerrero, S.A.P.I de C.V.	Bingos	100,00%	100,00%	Bincamex, S.A. de CV.	Guillermo Gonzalez Camarena, 600 P8 Col. Sfo	Mexico City	Mexico
Promociones Sol Ibiza, S.A.	Slots	51,00%	51,00%	Oper Ibiza, S.L.	C/ dels Llauradors, 45	Sant Antoni de Portmany	Baleares
Recreativos Arranz, S.L.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Recreativos Ergosa, S.L.U.	Slots	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Recreativos Hatuey, S.A.	Slots	100,00%	100,00%	Bema - Euromatic, S.A.	Fermina Sevillano, 5-7	Madrid	Madrid
Recreativos Manchegos, S.L.U.	Slots	51,00%	51,00%	Intersorvi, S.A.	Ctra. Nacional 420, Km 286	Alcazar de San Juan	Ciudad Real
Recreativos Martos, S.L.U.	Slots	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Ctra. De Castellar, 298	Terrassa	Barcelona
Recreativos Ocomar Levante, S.L.U.	Slots	51,00%	51,00%	Orlando Play, S.A.	Ctra. De Castellar, 298	Terrassa	Barcelona
Recreativos Panaemi, S.L.U.	Slots	51,00%	51,00%	Orlando Play, S.A.	c/ German Bernacer, 22 P.I. Elche	Murcia	Murcia
Red de Bingos Andaluces, A.I.E	Bingos	54,00%	54,00%	Varios	Martillo, 28	Sevilla	Sevilla
Red de Interconexión de Andalucía, S.L.U.	B2B	100,00%	100,00%	Cirsa Interactive Corporation, S.L.U.	Martillo, 26	Sevilla	Sevilla
Red de salones de Aragón, S.L.U.	B2B	100,00%	100,00%	Cirsa Interactive Corporation, S.L.U.	Ctra. De Castellar, 298	Terrassa	Barcelona
Resort Paradise AB	Casinos	82,00%	82,00%	Cirsa International Business Corporation, S.L.U	Box, 1432	Estocolmo	Suecia
Romgar, S.L.	Bingos	100,00%	100,00%	Telma Enea, S.L.U	Cayetano del Toro, 23	Cádiz	Cádiz
S.A. Explotadora de Recreativos	Slots	61,40%	61,40%	Cirsa Slot Corporation, S.A.U.	C/ del Aire, 1 Pol. Ind. Els Bellots	Terrassa	Barcelona
Sadeju, S.L.U.	Bingos	65,00%	65,00%	Telma Enea, S.L.U	c/ Carlota Alexandro, 106	Torremolinos	Málaga
Sala Valencia, S.A.	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Cuenca, 20	Valencia	Valencia
Sala Versalles, S.A.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U. y Global Bingo Stars, S.A.U.	Bravo Murillo, 309	Madrid	Madrid
Salón de Juegos Portal, S.A.U.	Casinos	100,00%	100,00%	Gaming And Services, S.A.C.	C/ Mercaderes, 303	Arequipa	Peru
Sant Cugat Desarrollo de Tecnologías, S.L.U	B2B	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U.	Sena, nº 2	Sant Cugat del Valles	Barcelona
Saturno 5 Conexión, S.L.U	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U	Fermina Sevillano, 5-7	Madrid	Madrid
SCB Almirante Dominicana, S.R.L	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Av. A. Lincoln, 403, La Julia	Santo Domingo	Dominican Republic
SCB Anil Dominicana, S.R.L.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Av. Máximo Gómez / Avda. 27 Febrero	Santo Domingo	Dominican Republic
SCB Grand Victoria Dominicana, SRL	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Avda. Abraham Lincoln	Santo Domingo	Dominican Republic
SCB Hispaniola Dominicana, S.R.L.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Av. A. Lincoln /Correa y Cidron	Santo Domingo	Dominican Republic
SCB Malecon Dominicana, S.A.	Casinos	100,00%	100,00%	Cirsa International Business Corporation, S.L.U	Av. George Washington,centro comercial Malecón	Santo Domingo	Dominican Republic

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Servicios Especializados Del Juego, S.A. De C.V.	Bingos	100,00%	100,00%	Bincamex, S.A de C.V.	Guillermo Gonzalez Camarena 800, Piso 8, Santa Fe	Mexico City	Mexico
Servicios Integrales del Juego, A.I.E.	Structure	100,00%	100,00%	Varios	Ctra. Castellar, 298	Terrassa	Barcelona
Servicios y Distribucion de Recreativos, S.A.U.	Slots	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Ctra Castellar, 298	Terrassa	Barcelona
Servi-Joc, S.A.	Slots	51,00%	51,00%	Cirsa Slot Corporation, S.A.U.	Ctra. Rellinars, 345	Terrassa	Barcelona
Sierra Machines, S.A.C.	Casinos	100,00%	100,00%	Gaming And Services, S.A.C.	Av. Ricardo Palma, 341 Miraflores	Lima	Peru
Sobima, S.A.U.	Bingos	100,00%	100,00%	International Bingo Technology, S. A.U.	Av. Velázquez 91-93	Málaga	Málaga
Sobreaguas, S.A.	Casinos	-	100,00%	Casino Buenos Aires S.A.	Av. Alicia Moreau de Justo, 1960, 1°, ofic 102	Buenos Aires	Argentina
Social Games Online, S.L.	B2B	100,00%	100,00%	Cirsa Interactive Corporation, S.L.U.	Ctra Castellar, 338	Terrassa	Barcelona
Societe Du Casino Le Mirage, S.A	Casinos	51,00%	-	Cirsa International Business Corporation, S.L.U.	Club Valtur STB, Parcelle n° 31	Agadir	Marocco
Sodemar, S.L.U.	Bingos	100,00%	100,00%	Telma Enea, S.L.U.	Sacramento, 16 duplicado	Cádiz	Cádiz
Sternal Bay Venezuela, C.A.U	B2B	-	100,00%	Cirsa Interactive Corporation, S.L.U.	Avda Fco. de Miranda	Caracas	Venezuela
Tallunixe, S.A.U.	Bingos	100,00%	-	Global Bingo Corporation, S.A.U.	Pseo. Miramar, s/n	Salou	Tarragona
Tecnijoc, S.L.U.	Slots	51,00%	51,00%	Egartronic, S.A.	Gremio de Jaboneros, 3B Pol.I. Son Castello	Palma de Mallorca	Mallorca
Tecnoappel, S.L.	Slots	51,00%	51,00%	Cirsa Slot Corporation, S.A.U.	Pol Ind Campollano, calle B1	Albacete	Albacete
Tello, S.A.U	Bingos	100,00%	100,00%	International Bingo Technology, S.A.U	Tenor Fleta, 57	Zaragoza	Zaragoza
Telma Enea, S.L.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U.	Sevilla, 10-14	Jerez de la Frontera	Cádiz
Traylon, S.A.	Casinos	-	55,00%	Casino Buenos Aires, S.A.	Avda. Elvira Rawson de delleplane, s/n	Buenos Aires	Argentina
Tres Rios Hotel la Carpintera, S.A.U.	Casinos	100,00%	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Unidesa Operations Services, S.L.U.	B2B	100,00%	-	Universal de desarrollos Electronicos, S.A.U.	C/ Sena, 2	Sant Cugat del Valles	Barcelona
Uniplay, S.A.U	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Universal de Desarrollos Electrónicos, S. A.U.	B2B	100,00%	100,00%	Cirsa Gaming Corporation, S.A.U	Ctra. Castellar, 298	Terrassa	Barcelona
Universal de Desarrollos Electronicos, S. A. De C.V.	B2B	100,00%	100,00%	International Mex Business, S.L.U.	Guillermo Gonzalez Camarena, 660 Piso 9 Of 5	Mexico City	Mexico
Urban Leisure, S.L	Slots	75,00%	75,00%	Cirsa Slot Corporation, S.A.U.	Ctra. Rellinars, 345	Terrassa	Barcelona
Verneda 90, S.A.U.	Bingos	100,00%	100,00%	International Bingo Technology, S.A.U.	Guipuzcoa, 70	Barcelona	Barcelona
Winner Group, S.A	Casinos	50,01%	50,01%	Investments & Securities Iberica, S.A.U.	Calle 90, n° 19c-32, Oficina 401	Santa Fe de Bogotá DC	Colombia
Yumbo San Fernando, S.A	Bingos	60,00%	60,00%	Global Bingo Corporation, S.A.U.	San Fernando, 48	Santander	Cantabria

List of joint operations

Company	Activity	Ownership percentage 2018	Ownership Percentage 2017	Investment holder	Business address	City	Province/Country
CBA-CIESA, UTE	Casinos	-	50,00%	Casino Buenos Aires, S.A.	Avda. Rawson de Dellepiane, s/n	Buenos Aires	Argentina
Magic Star, S.A. - Casino Buenos Aires, S.A. UTE	Casinos	-	50,00%	Casino Buenos Aires S.A.	C/ Elvira Rawson de Dellepiane, s/n	Buenos Aires	Argentina

Relación de sociedades asociadas

Company	Activity	Ownership percentage 2018	Ownership percentage 2017	Investment holder	Business address	City	Province/Country
Alavera, S.A.	Casinos	-	50,00%	Casino Buenos Aires S.A.	Av. Elvira Rawson de Dellepiane, s/n, Dársena Sur	Buenos Aires	Argentina
AOG, S.r.l	Bingos	50,00%	50,00%	Gema Srl. U.	Via Galileo Galilei, 20	Silea (TV)	Italy
Arrv, S.A.	B2B	-	50,00%	Cirsa International Gaming Corporation, S.A.U.	RioBamba, 927, 14-E	Buenos Aires	Argentina
Automaticos Quintana, S.L.	Slots	50,00%	50,00%	Comercial Jupama, S.A	C/ Parque de la libertad, 30	Santa Lucia de Tirajana	Gran Canaria
Audiovisual Fianzas, S.G.R	Structure	35,23%	35,23%	Varios	c/ Luis Buñuel, 2 2ª	Madrid	Madrid
Binbaires, S.A.	Casinos	-	33,33%	Cirsa International Gaming Corporation,	Pinamar	Pinamar	Argentina
Bingo Amico, S.r.l	Bingos	50,00%	50,00%	Gema, S.r.l.U.	Via Langhena, 1	San Vendemiano	Italy
Binsavo, S. A	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Ruiz Morote, 5	Ciudad Real	Ciudad Real
Casino de Asturias, S.A	Casinos	-	40,00%	Global Casino Technology Corporation, S.A.U.	Nava, 8	Gijón	Asturias
Casino la Toja, S.A.	Casinos	50,00%	50,00%	Global Casino Technology Corporation,	Isla de La Toja	El Grove	Pontevedra
Cirsa Digital, S.A.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A	Ctra. Castellar, 298	Terrassa	Barcelona
Cludean, S.L.	B2B	50,00%	50,00%	Universal de Desarrollos Electronicos, S.A.U.	C/ Enrique Mariñas, 36 planta 5 local 1B	A Coruña	A Coruña
Compañía Europea de Salones Recreativos, S.L.	B2B	20,00%	20,00%	Universal de Desarrollos Electronicos, S.A.U.	C/ Toledo, 137	Madrid	Madrid
Competiciones Deportivas, S.A.	Casinos	50,00%	50,00%	Gaming & Services de Panama, S.A.U	Calle 50 y 73 Este San Francisco	Panama City	Panama
Digital Gaming México, S.A.P.I.de C.V.	Slots	65,00%	65,00%	Sportium Apuestas Deportivas, S.A.	Boulevard Luis Donaldo Colosio, SA-1	Hidalgo	Mexico
Emjucasa, S.A.	Casinos	-	50,00%	Cirsa International Gaming Corporation, S.A.U.	Bacacay, 2789 piso 5-20	Buenos Aires	Argentina
Felix Jimenez Moranta, S.A	Slots	50,00%	-	Cirsa Slot Corporation, S.A.U.	Avda. de los Trabajadores, 12 P.I. La Atalaya	Torrijos	Toledo
Gironina de Bingos, S.L	Bingos	20,60%	20,60%	International Bingo Technology, S.A.U	Vía Laietana, 51	Barcelona	Barcelona
Majestic Food Services, S.A.U.	Casinos	50,00%	50,00%	Gaming & Services de Panamá, S.A.U.	Calle 50, Calle 73 Este	Panama City	Panama
Motroservi Andaluza de Salones, S.L.	Bingos	25,00%	25,00%	Global Bingo Corporation, S.A.U.	C/ Tipografia, 26	Sevilla	Sevilla
Montecarlo Andalucia, S.L	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Av. Cruz del Campo, 49	Sevilla	Sevilla
Opa Services, S.r.l.	Bingos	30,00%	30,00%	A.O.G., S.r.l	Torricolla, 11	Roma	Italy
Recreativos Miami, S.A.U.	Slots	50,00%	-	Unión de Operadores Reunidos, S.A.	Avda. Alcalde Portanet, 33 bajo	Vigo	Pontevedra
Recreativos Oropesa, S.L.U.	Slots	50,00%	-	Felix Jimenez Moranta, S.A.	Avda. de los Trabajadores, 12 P.I. La Atalaya	Torrijos	Toledo
Recreativos Treco, S.L.	Slots	-	50,00%	Allomatic, S.A.	Ctra. Rellinars, 345	Terrassa	Barcelona
Red de Juegos y Apuestas de Madrid, S.A.	Bingos	40,00%	40,00%	Varios	C/Evaristo San Miguel, 2	Madrid	Madrid
Serdisga 2000, S. L	B2B	50,00%	50,00%	Universal de Desarrollos Electronicos, S.A.U.	Av. Finisterre, 283	La Coruña	La Coruña
Silver Cup Gaming, Inc	Casinos	-	50,00%	Cirsa Panamá, S.A.U.	Este	Panama City	Panama
Sportium Apostes Catalunya, S.A.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Sena, 2	Sant Cugat Del Valles	Barcelona
Sportium Apuestas Andalucia, S.L.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A	Avda. Velazquez, 91 - 93	Málaga	Málaga
Sportium Apuestas Aragon, S.L.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Jaime Ferrán, 5	Zaragoza	Zaragoza
Sportium Apuestas Asturias, S.A.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ B, Parcela 45B pol. Ind Asipo	Cayes - Llanera	Asturias
Sportium Apuestas Baleares, S.L.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Gremi des Sabaters, 21	Mallorca	Mallorca
Sportium Apuestas Canarias, S.L.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Garcia Morato, 1	Telde	Gran Canaria
Sportium Apuestas Castilla La Mancha, S.L.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A	C/ Santa Maria Magdalena, 10 -12	Madrid	Madrid
Sportium Apuestas Ceuta, S.L.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Gran Via, 14 entreplanta, puerta A	Ceuta	Ceuta
Sportium Apuestas Colombia, S.A.S	Slots	60,00%	60,00%	Sportium Apuestas Deportivas, S.A.	Carrera 12 Nº 93 - 78 Oficina 501	Bogotá	Colombia
Sportium Apuestas Deportivas, S.A.	Slots	50,00%	50,00%	Cirsa Slot Corporation, S.A.U.	C/Santa Mª Magdalena, 10-12	Madrid	Madrid
Sportium Apuestas Galicia, S.L.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Don Pedro, s/n	El Grove - Isla de la Toja	Pontevedra
Sportium Apuestas Levante, S.A.U	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	c/ Ronda Guglielmo Marconi, 11	Paterna	Valencia
Sportium Apuestas Melilla, S.L.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	Avda. Candido Lobera, 5 Atico 3	Melilla	Melilla

Relación de sociedades asociadas

Company	Activity	Ownership percentage 2018	Ownership percentage 2017	Investment holder	Business address	City	Province/Country
Sportium Apuestas Navarra, S.A.U	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	Avda. Barañain, 27 1º A	Pamplona	Navarra
Sportium Apuestas Oeste, S.A.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Novena Doce, Parcela 21	Badajoz	Badajoz
Sportium Apuestas Panama, S.A.	Slots	60,00%	60,00%	Sportium Apuestas Deportivas, S.A.	Corregimiento de San Francisco, calle 50 y 73 Este	Panama City	Panama
Sportium Global Investments, SGI S.A.	Slots	60,00%	-	Sportium Apuestas Deportivas, S.A.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San Jose	Costa Rica
Sportium Zona Norte, S.A.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Las Balsas, 20 nave 49	Logroño	Logroño
Unión de Operadores Reunidos, S.A	Slots	50,00%	-	Cirsa Slot Corporation, S.A.U	C/ Severo Ochoa, 3	A Coruña	A Coruña

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Audit Report on Consolidated Financial Statements
issued by an Independent Auditor

CIRSA GAMING CORPORATION GROUP
Consolidated Financial Statements and Consolidated Management Report
for the year ended
December 31, 2017

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(Translation of a report and consolidated financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails)

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

To the Shareholders of Cirsa Gaming Corporation, S.A.:

Report on the consolidated financial statements

We have audited the consolidated financial statements of Cirsa Gaming Corporation, S.A. (the Parent Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position at December 31, 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes thereto for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and consolidated financial position of the Group at December 31, 2017, and its consolidated results and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain, as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

Most relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

Revenue recognition and collection of cash

As disclosed in Note 1.1 to the consolidated financial statements, the Group generates revenue through the operation of slot machines, bingo halls, casinos and lotteries, in both Spain and abroad. Due to the large volume of cash operations made by the Group, the intrinsic risk related to the integrity in the collection of cash in its different businesses and the correlation with the Group's revenue, we have considered this area as a relevant audit issue.

Our audit procedures consisted, among others, in: (i) understanding the processes of the different businesses of the Group; (ii) analyzing the design and effectiveness of the relevant manual and IT controls implemented by the Group in relation to the collection of cash and revenue recognition; (iii) performing analytical and substantive procedures, at December 31 and during the year, including the analysis of the financial statements of the different businesses and companies in relation to Management prospects, and cut-off and cash count procedures.

Measurement of goodwill, other intangible assets and property, plant and equipment

At December 31, 2017 the Group has goodwill, other intangible assets and property, plant and equipment amounting to 92,912 thousand euros, 399,188 thousand euros and 431,050 thousand euros, respectively. At least annually, Group Management analyzes the recoverable amount of each significant Cash Generating Unit (CGU). The purpose of this analysis is to conclude about the need to record an impairment loss on the goodwill assigned to these CGUs, or on any other intangible asset or property, plant and equipment item belonging to it. For the purposes of this analysis, and as indicated in Notes 2.14 and 10, the Group estimates future cash flows for each cash generating unit using projections based on operating, financial and macroeconomic assumptions. As the analyses made by Group Management require them to make estimates and complex judgments regarding the above assumptions, we have considered this area as a relevant audit issue. The information necessary for understanding this analysis is disclosed in Notes 5, 6, 7 and 10 to the accompanying consolidated financial statements.

Our audit procedures consisted, among others, in: (i) understanding the process used by Group Management for determining the recoverable amount of the assets subject to an impairment review, including the analysis of the internal and external factors considered to determine whether any objective indication of impairment exists on other intangible assets and property, plant and equipment items; (ii) performing specific tests on the recoverable value of the assets, as well as involving internal valuation experts in order to evaluate the measurement method used and the uniformity in its application, as well as the arithmetical calculations and evaluation of long-term discount and growth rates used; (iii) reviewing the projected financial information regarding the operational and strategic plans considered by Management, and checking the current situation against the projections made in the prior year, as well as the historical evolution of such financial information; (i) assessing the sensitivity of results to reasonably possible changes in the assumptions made.

Recoverability of the Group's deferred tax assets

The Group's deferred tax assets at December 31, 2017 amount to 56,540 thousand euros. The information related to these assets is disclosed in Note 19.4 to the accompanying consolidated financial statements.

The assessment made by Group Management to determine the recoverable amount of these assets is based on estimates of future tax profit, made on the basis of the Group's financial projections and business plans, and considering the applicable tax regulations at year end. Consequently, we have considered the assessment of the Group's ability to recover the deferred tax assets as a relevant audit issue.

We have performed audit procedures for assessing the assumptions considered by Management in estimating the period for recovering deferred tax assets, focusing our analysis on the economic, financial and tax assumptions used by the Group to estimate future profit, with the assistance of our tax experts. Additionally, we have assessed the sensitivity of results to reasonably possible changes in the assumptions made.

Other information: Consolidated management report

Other information refers exclusively to the 2017 consolidated management report, the preparation of which is the responsibility of the Parent Company's directors, and is not an integral part of the consolidated financial statements.

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Our audit opinion on the consolidated financial statements does not cover the consolidated management report. In conformity with prevailing audit regulations in Spain, our responsibility in terms of the consolidated management report is to assess and report on the consistency of the consolidated management report with the consolidated financial statements based on the knowledge of the Group we obtained while auditing the financial statements, and not including any information not obtained as evidence during the course of the audit. In addition, our responsibility is to assess and report on whether the content and presentation of the consolidated management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described in the above paragraph, the information contained in the consolidated management report is consistent with that provided in the 2017 consolidated financial statements, and their content and presentation are in conformity with applicable regulations.

Responsibility of the Parent Company's Director for the consolidated financial statements

The directors of the Parent Company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated results of the Group, in accordance with IFRS-EU and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

From the significant risks communicated with the Parent Company's directors, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

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

ERNST & YOUNG, S.L.
(Signature on the original in Spanish)

Lorenzo López Carrascosa

CORTÉS & PÉREZ AUDITORES Y ASESORES ASOCIADOS, S.L.
(Signature on the original in Spanish)

Miquel Hernández Torralba

March 21, 2018

Cirsa Gaming Corporation Group

Consolidated Financial Statements for the year ended December 31, 2017 in conformity with the International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and Consolidated Management Report

(Translation of Consolidated Financial Statements and Consolidated Management Report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails)

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- Consolidated statements of financial position at December 31, 2017 and 2016
- Consolidated statements of comprehensive income for the years ended December 31, 2017 and 2016
- Consolidated statements of changes in equity for the years ended December 31, 2017 and 2016
- Consolidated statements of cash flows for the years ended December 31, 2017 and 2016
- Notes to the consolidated financial statements for the year ended December 31, 2017

Consolidated Management Report

Appendix - Consolidation perimeter at December 31, 2017 and 2016

Cirsa Gaming Corporation Group
Consolidated statement of financial position at December 31

ASSETS

(Thousands of euros)	Notes	2017	2016
Non-current assets		**1,150,735**	**1,185,252**
Goodwill	5	92,912	104,412
Other intangible assets	6	399,188	371,279
Property, plant and equipment	7	431,050	464,229
Investments accounted for using the equity method	8	57,820	56,497
Financial assets	9	113,225	113,047
Deferred tax assets	19.4	56,540	75,788
Current assets		**464,749**	**454,557**
Inventories	12	17,753	15,319
Trade and other receivables	9	185,694	188,181
Other financial assets	9	63,514	69,595
Other current assets		16,569	7,405
Cash and cash equivalents	13	181,219	174,057
Total assets		**1,615,484**	**1,639,809**

EQUITY AND LIABILITIES

(Thousands of euros)	Notes	2017	2016
Equity		**12,942**	**11,834**
Share capital	14.1	24,577	24,577
Share premium		9,500	9,500
Treasury shares	14.2	(184)	(184)
Retained earnings	14.3	34,174	30,910
Translation differences		(362,632)	(307,187)
Profit (loss) for the year attributable to equity holders of the parent		70,828	3,264
Non-controlling interests	14.4	236,679	250,954
Non-current liabilities		**1,179,650**	**1,236,149**
Bonds	15	938,536	935,390
Bank borrowings	16	37,927	78,375
Other creditors	17	63,570	68,713
Provisions	18	18,396	23,031
Deferred tax liabilities	19.4	121,221	130,640
Current liabilities		**422,892**	**391,826**
Bonds	15	4,615	4,653
Bank borrowings	16	69,270	49,328
Trade payables		124,772	135,398
Other creditors	17	208,926	188,800
Current income tax payable	19.2	15,309	13,647
Total equity and liabilities		**1,615,484**	**1,639,809**

Cirsa Gaming Corporation Group
Consolidated statement of comprehensive income
for the years ended December 31

(Thousands of euros)	Notes	2017	2016
Gaming income		2,048,426	1,943,939
Other operating revenues		152,293	137,332
Bingo prizes		(217,933)	(209,540)
Total operating revenues		**1,982,786**	**1,871,731**
Variable rent		(266,635)	(258,913)
Net operating revenues from variable rent	**3.1**	**1,716,151**	**1,612,818**
Consumptions		(75,823)	(71,861)
Personnel	21.1	(312,647)	(291,010)
Supplies and external services	21.2	(296,185)	(281,078)
Gaming taxes		(604,477)	(570,601)
Depreciation, amortization and impairment	5, 6 & 7	(194,801)	(196,798)
Change in trade provisions		(2,808)	(31,886)
Financial income		7,413	8,731
Financial costs		(76,796)	(97,516)
Change in financial provisions		51	186
Profit/(loss) on investments in associates	8	1,619	(3,867)
Exchange gains/(losses), net	21.3	1,681	(1,529)
Profit/(loss) on sale/disposals of non-current assets		(5,014)	205
Profit before income tax		**158,364**	**75,794**
Income tax	19.2	(61,851)	(52,256)
Net profit (loss) from continuing activities		**96,513**	**23,538**
Profit (loss) for the year attributable to non-controlling interest	14.4	25,685	20,274
Profit (loss) for the year attributable to the parent		**70,828**	**3,264**

Cirsa Gaming Corporation Group
Consolidated statement of comprehensive income
for the years ended December 31

(Thousands of euros)	Notes	2017	2016
Net profit (loss) from continuing activities		**96,513**	**23,538**
Translation differences		(63,785)	(41,340)
Tax effect		-	-
Other comprehensive profit/(loss) that will be reclassified to profit/(loss) in subsequent years		**(63,785)**	**(41,340)**
Other comprehensive profit/(loss) that will not be reclassified to profit/(loss) in subsequent years		-	-
Total comprehensive profit/(loss) for the year after tax		**32,728**	**(17,802)**

Total comprehensive income /(loss) attributable to:

	Notes	2017	2016
The Parent		15,383	(36,253)
Non-controlling interests	14.4	17,345	18,451
		32,728	**(17,802)**

Cirsa Gaming Corporation Group
Consolidated statement of changes in equity
for the years ended December 31

(Thousands of euros)	Share capital (Note 14.1)	Share premium	Treasury shares (Note14.2)	Retained earnings (Note 14.3)	Translation differences	Non-controlling interests (Note 14.4)	Total
At December 31, 2015	**24,577**	**9,500**	**(184)**	**30,910**	**(267,670)**	**246,852**	**43,985**
Net profit (loss) for the year 2016	-	-	-	3,264	-	20,274	23,538
Other comprehensive income (loss)	-	-	-	-	(39,517)	(1,823)	(41,340)
Total comprehensive income (loss) for the year 2016	**24,577**	**9,500**	**(184)**	**34,174**	**(307,187)**	**265,303**	**26,183**
Other changes:							
▪ Additions for the year – Business combinations	-	-	-	-	-	16,722	16,722
▪ Dividends paid	-	-	-	-	-	(31,071)	(31,071)
At December 31, 2016	**24,577**	**9,500**	**(184)**	**34,174**	**(307,187)**	**250,954**	**11,834**
Net profit (loss) for the year 2017	-	-	-	70,828	-	25,685	96,513
Other comprehensive income (loss)	-	-	-	-	(55,445)	(8,340)	(63,785)
Total comprehensive income (loss) for the year 2017	**24,577**	**9,500**	**(184)**	**105,002**	**(362,632)**	**268,299**	**44,562**
Other changes:							
▪ Additions for the year – Business combinations	-	-	-	-	-	1,117	1,117
▪ Dividends paid	-	-	-	-	-	(32,737)	(32,737)
At December 31, 2017	**24,577**	**9,500**	**(184)**	**105,002**	**(362,632)**	**236,679**	**12,942**

Cirsa Gaming Corporation Group
Consolidated statement of cash flows
for the years ended December 31

(Thousands of euros)	Notes	2017	2016
Cash-flows from operating activities			
Profit before tax		158,364	75,794
Adjustments to profit:			
Changes in operating provisions		2,808	3,323
Depreciation, amortization and impairment of non-current assets	5, 6 & 7	194,801	196,798
Profit/(loss) on sale/disposals of non-current assets		5,013	(205)
Finance income and costs		67,713	92,466
Exchange gains/(losses), net	21.3	(1,681)	1,529
Other income and expenses		(6,142)	(6,834)
Change in:			
Inventories		(1,057)	(899)
Trade and other receivables		339	(19,196)
Suppliers and other payables		(8,874)	4,291
Gaming taxes payable		(14,687)	53,718
Other operating assets and liabilities, net		(15,155)	(8,054)
Income tax paid		(50,554)	(57,652)
Net cash-flows from operating activities		**330,888**	**335,079**
Cash-flows from (used in) investing activities			
Purchase of property, plant and equipment		(108,574)	(101,932)
Purchase of intangible assets		(47,421)	(29,001)
Proceeds from disposal of property, plant and equipment		8,942	4,204
Acquisition of investments in other companies		(54,110)	(24,713)
Current account with Nortia Business Corporation, S. L. – Outflows		(17,826)	(53,149)
Current account with Nortia Business Corporation, S. L. – Inflows		16,935	54,066
Other financial investments		(1,484)	(10,940)
Interest received and cash revenues from financial investments		5,579	6,555
Net cash-flows used in investing activities		**(197,959)**	**(154,910)**
Cash-flows from (used in) financing activities			
Proceeds from bank borrowings		1,631,219	2,009,668
Repayment of bank borrowings		(1,649,914)	(2,022,187)
Issue of bonds	15	-	447,552
Cancellation of bonds		-	(450,000)
Acquisition / sale of own bonds		-	10,211
Finance leases		(2,353)	(2,354)
Interest paid		(74,861)	(84,555)
Dividends paid and other payments		(25,570)	(27,967)
Net cash-flows used in financing activities		**(121,479)**	**(119,632)**
Net variation in cash and cash equivalents		**11,451**	**60,537**
Net foreign exchange difference on cash balances		**(4,288)**	**(1,400)**
Cash and cash equivalents at January 1		**174,057**	**114,920**
Cash and cash equivalents at December 31	13	**181,219**	**174,057**

1. DESCRIPTION OF THE GROUP

1.1 Group activity

Cirsa Gaming Corporation, S. A. (hereinafter *the Company* or *the Parent Company*) and its controlled entities (hereinafter *the Group* or *the Cirsa Group*) consist of a set of companies operating in the gaming and leisure sector, carrying out the following activities:

- Designing and manufacturing slot machines, which are sold to Group companies and third parties, and development of interactive gaming systems

- Operating, both in Spain and abroad, slot machines, bingo halls, casinos and lotteries

1.2 Composition and structure of the Group

The Company, domiciled in Terrassa (Barcelona) at Carretera Castellar, 298, belongs to a group, of which Nortia Business Corporation, S.L., also domiciled in Terrassa (Barcelona), is the direct parent company.

The companies invested by the Company at December 31, 2017 and 2016 are detailed in the Appendix, grouped in the following categories:

- The subsidiaries are companies controlled either directly or indirectly by the Company so that it can manage the financial and operating policies in order to obtain profit from the investment.

- The jointly controlled companies are entities ruled by a contractual arrangement between the partners whereby they establish joint control on the business, and which requires the unanimous consent of the venturers regarding the operating decisions.

- The associates are enterprises not included in the previous two categories and in which there is an ownership interest on a long-term basis that favors their activity, but with limited influence over their management and control.

(NOTE: The column *Percentage of ownership* in the Appendix is obtained by multiplying the different successive percentages along the corresponding chain of control, thereby reflecting the final ownership at the Company's level).

1.3 Changes in the consolidation perimeter

During 2017 and 2016, the Group's legal structure has experienced certain changes, as described below:

2017

- Acquisition of companies

(Thousands of euros)	% voting rights	Consolidation method	Total assets included in the consolidated statements of financial position at December 31, 2017	Operating revenues included in the 2017 consolidated statement of comprehensive income
Miky, S.L. (*)	100%	Full	49,083	14,353
Barnaplay, S.A.	100%	Full	901	2,268
Gimar Jocs, S.L.	100%	Full	1,493	510
Bingo Santven, S.A.U.	100%	Full	7,015	9,699
Global TC Corp, S.A.U.	100%	Full	1,783	316
Triveneto Games S.R.L.	100%	Full	1,084	-
Sierra Machines, S.A.C.	100%	Full	16,152	10,875
Inmobiliaria Rapid, S.A.C.	100%	Full	12,195	3,086
L&G Business, S.L.	100%	Full	87	2
Recreativos Ergosa, S.L.U.(**)	100%	Full	1,034	186
Automáticos Essan, S.A.U.	100%	Full	502	76
MCA Automatics, S.L.	100%	Full	8,143	200
Social Games Online, S.L.	100%	Full	3,393	-
Italtronic, S.R.L.	100%	Full	4,815	717
Operadora De Entretenimiento Manzanillo, S.A.	60%	Full	5,104	3,668
Promociones Sol Ibiza, S.A.	51%	Full	649	19
			113,433	**45,975**

(*) At the date of gaining control, Miky, S.L. held 100% equity interest in the company Barnaplay, S.A. and Gimar Jocs, S.L.

(**) At the date of gaining control, Recreativos Ergosa, S.L.U. held 100% equity interest in the company Automáticos Essan, S.A.U.

All the acquisitions shown in the table above have resulted in a business combination. Additionally, in Colombia and Mexico two additional business combinations have been carried out and integrated into the financial statements of Winner Group, S.A. (Colombia) and Promociones e Inversiones de Guerrero, S.A. (Mexico), whereby two gambling halls have been acquired for 5.9 and 3.1 million euros, respectively. The operating revenues generated by these acquisitions amount to 2,547 thousand euros and 1,531 thousand euros, respectively.

Such transactions are detailed in Note 4 on business combinations.

- Creation of companies

In 2017 the following companies were created:

(Thousands of euros)	% of ownership held by the Group	Consolidation method	Total assets included in the consolidated statement of financial position at December 31, 2017	Operating revenues included in the 2017 consolidated statement of comprehensive income
Cirsa Brasil Participaçoes, LTDA	100%	Full	-	-
Sportium Apuestas Andalucía, S.L.U.	50%	Equity	2,959	-
Sportium Apuestas Colombia, S.A.S.	60%	Equity	878	-
Sportium Apuestas Ceuta, S.L.U.	50%	Equity	9	-
New York Games, S.L.U	50%	Equity	1	-
			3,847	-

The assets shown in the table above for the companies that are consolidated using the equity method related to the investments, deriving from using such method, recognized in the consolidated statement of financial position at December 31, 2017.

- Sale of companies resulting in loss of control

In 2017 the following companies have been sold, which resulted in a loss of control and/or significant influence on their business:

	% of ownership at prior year end	Consolidation method at prior year end	% of ownership interest after the sale	Consolidation method after the sale
Gestión Bingos Gobylan, S.A.(*)	100%	Full	-	-
S.C.B. Margarita, C.A.	100%	Full	-	-
Cirsa Insular, C.A.	100%	Full	-	-
Tirrenogames, S.R.L.	50%	Equity	-	-
Giochigenova,S.R.L.	50%	Equity	-	-
			-	-

(*) At both December 31, 2016 and sale date, the company Gestión Bingos Gobylan, S.A. held equity instruments representing 4.63% of the company Red de Bingos Canarios, S.A.

Profit/(loss) from these sales included in the consolidated financial statements is as follows:

(Thousands of euros)	Change in non-controlling interests	Profit/(loss) from the sale
Gestión Bingos Gobylan, S.A.	-	(388)
S.C.B. Margarita, C.A.	-	-
Cirsa Insular, C.A.	-	-
Tirrenogames, S.R.L.	-	284
Giochigenova,S.R.L.	-	476
	-	**372**

Total assets and operating revenues contributed by these companies to the consolidated statement of financial position at December 31, 2016 and to the consolidated statement of comprehensive income for the year 2016, respectively, are as follows:

(Thousands of euros)	Total assets included in the consolidated statement of financial position at December 31, 2016	Operating revenues included in the 2016 consolidated statement of comprehensive income
Gestión Bingos Gobylan, S.A.	1,893	4,911
S.C.B. Margarita, C.A.	4	-
Cirsa Insular, C.A.	160	-
Tirrenogames, S.R.L.	1,217	-
Giochigenova,S.R.L.	422	-
	3,696	**4,911**

The assets shown in the table above for the companies that at 2016 year end were consolidated using the equity method (Tirrenogames, S.R.L. and Giochigenova,S.R.L.) relate to the investments, deriving from using such method, recognized in the consolidated statement of financial position at December 31, 2016.

- Other changes in the perimeter

In 2017 the companies Binred Madrid, S.A., Hostebar 98, S.L., Cirsa Amusement France, S.A., Entidad Gestora del Bingo Siglo XXI, S.L.U., Pol Management Corporation, BV., Polispace S.L., International Gaming Manufacturing, S.A., Global Cinco Estrellas, S.A., Gestora de Inversiones Cobiman, S.L.U., Binelec, S.L., Global Amusement Partners Corp, S.A., and Push Games S.L., were dissolved and liquidated. The companies were dormant or showed low activity and their dissolution and liquidation have not generated significant results for the Group.

Additionally, during the current year the companies Gonmatic, S.L.U. and Electrónicos Trujillanos, S.L.U. have been taken over by Uniplay, S.A.; Triveneto Games, S.r.l. has been taken over by Cirsagest, S.P.A.; Recreativos Rodes, S.A.U. has been taken over by Genper, S.A. and the companies Promociones Tauro, S.L.U, Mabel 96, S.L.U. and Automaticos Siglo XXI, S.L. have been taken over by Juegomatic, S.A.. These transactions have had no impact on the Group's consolidated figures.

2016

- Acquisition of companies

(Thousands of euros)	% voting rights	Consolidation method	Total assets included in the consolidated statement of financial position at December 31, 2016	Operating revenues included in the 2016 consolidated statement of comprehensive income
Comercial Jupama, S.A.(*)	50%	Full	19,680	16,400
Servicios y Distribución de Recreativos, S.A.	100%	Full	1,942	430
Servi-Joc, S.A.	51%	Full	3,017	2,302
Bema Euromatic, S.A.(**)	60.71%	Full	6,261	1,956
Saturno 5 Conexión, S.L.	100%	Full	326	144
Caballo 5, S.L.	100%	Full	229	35
Losimai, S.A.	100%	Full	466	132
Amical Trading, S.L.	100%	Full	3	-
			31,924	**21,399**

(*) At the date of gaining control, Comercial Jupama, S.A. held 55% of equity interest in the company Automáticos Maxorata, S.A., 50% in the company Automáticos Quintana, S.L., and 100% in the company Jupama Servicios, S.L. (liquidated at year end).

(**) At the date of gaining control, Bema Euromatic, S.A. held 72.22% of equity interest in the company Recreativos Hatuey, S.A., and 100% in the companies J.R. 25, S.A. and Euromatic Madrid, S.L. (both of them liquidated at year end).

All the acquisitions shown in the table above have resulted in a business combination. Such transactions are detailed in Note 4 on business combinations.

- Creation of companies

In 2016 the following companies have been created:

(Thousands of euros)	% of ownership held by the Group	Consolidation method	Total assets included in the consolidated statement of financial position at December 31, 2016	Operating revenues included in the 2016 consolidated statement of comprehensive income
Sportium Apuestas Baleares, S.L.	50%	Equity	251	-
Universal de Desarrollos Electrónicos, S.A. de C.V.	100%	Full	309	-
			560	-

The assets shown in the table above for the companies that are consolidated using the equity method relate to the investments, deriving from using such method, recognized in the consolidated statement of financial position at December 31, 2016.

- Sale of companies resulting in loss of control

In 2016 the following companies have been sold, which resulted in a loss of control and/or significant influence on their business:

	% of ownership at prior year end	Consolidation method at prior year end	% of ownership after the sale	Consolidation method after the sale
Recreativos Pozuelo, S.L.(*)	50	Equity	-	-
Grupo Royal Games S.R.L.(**)	50	Equity	-	-

(*) At both December 31, 2016 and sale date, the company Recreativos Pozuelo, S.L. held equity instruments representing 100% of the Company Ovidio Collado, S.L.
(**) A Group the parent of which is Royal Games S.R.L. which, at both December 31, 2016 and sale date, held 95% of equity interest in the company Royalbet S.R.L. and 51% in the company Andy Games S.R.L.

Profit/(loss) from these sales included in the consolidated financial statements is as follows:

(Thousands of euros)	Changes in non-controlling interests	Profit/(loss) from the sale
Recreativos Pozuelo, S.L.	-	4,049
Grupo Royal Games S.R.L.	-	1,369
	-	**5,418**

Total assets and operating revenues contributed by these companies to the consolidated statement of financial position at December 31, 2015 and to the consolidated statement of comprehensive income for the year 2015, respectively, are as follows:

(Thousands of euros)	Total assets included in the consolidated statement of financial position at December 31, 2015	Operating revenues included in the 2015 consolidated statement of comprehensive income
Recreativos Pozuelo, S.L.	4,301	-
Grupo Royal Games S.R.L.	4,004	-
	8,305	**-**

The assets shown in the table above for the companies that at 2015 year end were consolidated using the equity method (Recreativos Pozuelo, S.L. and Royal Games S.R.L.) relate to the investments, deriving from using such method, recognized in the consolidated statement of financial position at December 31, 2015.

- Changes in the percentage of ownership or consolidation method

In 2016 changes in the percentage of ownership or consolidation method have been as follows:

	Consolidation method		Percentage	
	2016	2015	At December 31, 2016	At December 31, 2015
Juegos San José, S.A.(*)	Full	Equity	47.49%	47.49%

(*) At the date of changing the consolidation method the company Juegos San José, S.A. held equity instruments representing 100% of the company Tejebin, S.A., which at year end has been liquidated and extinguished.

As shown in the table above, during 2016 control was gained over the company Juegos San José, S.A., although the ownership percentage held by the Group in the prior year remained unchanged. Control was gained as a result of certain agreements reached with the other shareholders related to the governance of the abovementioned company, which came into effect on January 1, 2016, whereby the Group was handled the control and management of the company. Consequently, in accordance with IFRS 10, the obligation arose to consolidate said company using the full consolidation method.

- Other changes in the perimeter

In 2016 the companies Cirsa Casino Corporation, S.L., Egartronic Servicios Centrales, A.I.E., Slot Games Online, S.L., J.R. 25, S.A., Euromatic Madrid, S.L., Global Gaming Corporation Russia, S.L., Hispania Investments, S.A., Jupama Servicios, S.L., Capitán Haya 7, S.A., Oporto Juegos, S.A., Tejebin, S.A., and Desarrollos Inmobiliarios Rocare del Norte, S.A. were dissolved and liquidated. These companies were dormant or showed low activity and their dissolution and liquidation did not generate significant results for the Group.

Additionally, during the current year the companies Administradora de Salas de Juego Alfa S.A.C., Centro de Apuestas S.A.C. and Savoy Slot Machines S.A.C. have been taken over by the company Salón de Juegos Portal S.A., which has had no impact on the Group's consolidated figures.

2. BASIS OF PRESENTATION AND ACCOUNTING STANDARDS

2.1 Basis of presentation

The 2017 consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the European (IFRS-EU) Union published by the International Accounting Standards Board (IASB) and further interpretations.

The Company belongs to a group, whose parent is Nortia Business Corporation, S.L. (Nortia Group), domiciled in Terrassa (Spain). The Company meets the criteria for exemption from preparing consolidated financial statements under article 43 of the Commercial Code. Consequently, these consolidated financial statements are considered voluntary.

The consolidated financial statements of Nortia Group and the consolidated management report for the year ended December 31, 2016 were approved on March 23, 2017 and filed with the Barcelona Mercantile Registry together with the corresponding audit report. The consolidated financial statements and consolidated management report for the year ended December 31, 2017 will be approved in the due manner and filed, together with the audit report, with the Barcelona Mercantile Registry according to the legal deadlines.

The financial statements of the companies composing the Group for the year ended December 31, 2017 have not yet been submitted for approval by the shareholders in general meeting. Nevertheless, the Board of Directors of the Group's Parent Company expects that they will be approved without modification and, therefore, will not have any impact on the present consolidated financial statements.

The accounting policies applied in the preparation of the accompanying consolidated financial statements comply with the IFRS-EU prevailing at the date of their preparation. For certain cases, the IFRS-EU provide alternative applications. The options applied by the Group are described in the accounting policies listed in the accompanying notes.

For comparative purposes, the accompanying consolidated financial statements, which have been prepared at historical cost, include the 2017 figures in addition to those of 2016 for each item of the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the consolidated notes thereto, except where disallowed by an accounting standard.

2.2 Estimates and judgments

The preparation of the consolidated financial statements requires the management of the Group to exercise judgment, to make estimates and to make assumptions which affect the application of the accounting policies and the recorded amounts of assets, liabilities, revenues and expenses. The estimates and assumptions taken into account have been based upon historical experience and other factors which were considered to be reasonable in the light of the circumstances. Consequently, the results obtained could differ from those assumptions.

The estimates and assumptions are reviewed periodically, such that any changes made in accounting estimates are posted in the period in which they are reviewed, in the event that such review only affects that period, or in the period of the review and future periods if the revision affects both. The key estimates and judgments are as follows:

- Impairment of assets

All non-financial assets whose carrying amount could be unrecoverable are tested for impairment. Goodwill and intangible assets with an indefinite useful life are tested for impairment annually, or when there is evidence of impairment, based on financial projections and estimates of future operating cash flows. In 2017 the Group has recognized impairment losses on goodwill and assets amounting to 5.8 and 0.5 million euros, respectively (2016: impairment losses on goodwill amounting to 9 million euros and on assets amounting to 6.8 million euros) (Note 10).

- Non-current assets with finite useful life

The Group reviews periodically useful lives of non-current assets, adjusting prospectively amortization methods where applicable. In 2017 and 2016 it was not necessary to make any adjustment in the useful life of non-current assets with finite useful lives.

- Recoverability of deferred tax assets

When the Group, or any of the companies included in it, recognizes deferred tax assets, the estimated taxable profits that will be generated in future years are reviewed at year end in order to assess their recoverability, and any impairment loss is recognized accordingly. At December 31, 2017 the Group has recognized deferred tax assets amounting to 56,540 thousand euros (2016: 75,788 thousand euros), as described in Note 19.4.

- Provisions for taxes and other risks

Provisions are recognized for taxes and risks that will probably arise based on related studies. At December 31, 2017 the Group has recognized provisions for taxes and other risks amounting to 18,396 thousand euros (2016: 23,031 thousand euros), as described in Note 18.

- Business combinations and goodwill

The Group assesses for each business combination, the fair value of assets, liabilities and acquired contingent liabilities, allocating the cost of the business combination to the identified elements. Likewise, goodwill arising from the acquisition is assigned to its corresponding cash-generating unit, based on expected synergies, for subsequent impairment tests (Note 10).

- Consolidation methods

The assessment of whether control is exercised when the Group does not have absolute majority of voting rights, but agreements with the other shareholders have been reached, requires the Group to make estimates and judgments to determine whether it has unilateral rights to manage relevant activities in accordance with IFRS 10. Additionally, in order to establish the consolidation method of certain entities over which control is not exercised also requires Group Management to make judgments and estimates to determine whether they are considered jointly controlled companies, joint operations or associates.

2.3 Standards and interpretations approved by the European Union and adopted for the first time in the current year

The accounting policies used in the preparation of these consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended December 31, 2016, as none of the amendments to the standards applicable for the first time this year has had any effect on the Group's accounting policies.

However, the amendments to IAS 7 *Statement of Cash Flows*: *Disclosure initiative* require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

Most of the Group's financial liabilities are denominated in euros and, therefore, the movements between periods, in both current and non-current loans and receivables, relate to cash flows for the year, with no changes in their fair values.

2.4 Standards and interpretations issued by the IASB, but not yet mandatory in the fiscal year 2017

The Group intends to apply the standards, interpretations and amendments issued by the IASB, whose application is not mandatory in the European Union as at the date of authorizing the accompanying consolidated financial statements for issue, when they are effective, to the extent applicable to the Group. Although the Group is currently analyzing their impact, based on the analysis conducted to date, the Group believes that their first-time application will not have a material impact on the consolidated financial statements, except for the following standards:

- **IFRS 9 Financial instruments**

In July 2014 the IASB published the final version of IFRS 9 Financial instruments replacing IAS 39 Financial instruments: Recognition and Measurement, and all previous versions of IFRS 9. This standard gathers the three phases of the financial instruments project: Classification and Measurement, Impairment and Hedge Accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Except for hedge accounting, it shall be retroactively applied, but comparative information need not be amended. For hedge accounting, the requirements are in general prospectively applied, except for limited exceptions.

The Group plans to adopt the new standard on the required application date and will not restate comparative information. In 2017, the Group assessed the impact of the three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes as a result of additional information that may not be available in 2018 when the Group adopts IFRS 9. In general, no significant impact is expected on the consolidated financial statements or equity as a result of the adoption of this new standard.

1. <u>Recognition and measurement</u>

The Group does not expect that the adoption of the IFRS 9 classification and measurement requirements will have a major impact on its statement of financial position or equity.

Its loans and trade receivables are held to collect contractual cash flows which are only expected to take the form of principal and interest payments. The Group analyzed the characteristics of the cash flows from these instruments and concluded that they meet the criteria for being measured at amortized cost in accordance with IFRS 9. Consequently, these instruments need not be reclassified.

2. *Impairment losses*

IFRS 9 requires the Group to recognize expected credit losses (ECLs) in respect of all of its debt securities, loans and trade receivables either on a 12-month or lifetime basis. The Group will apply the simplified approach and recognize a loss allowance based on lifetime ECLs for all trade receivables. Due to the nature of the loans and receivables from its respective businesses, the Group has determined that impairment losses will not increase significantly.

3. *Hedge accounting*

The Group does not expect a significant impact as a result of applying hedge accounting since it has not entered into any cash flow or fair value hedges.

4. *Other adjustments*

In addition to the adjustments described above, other items in the financial statements shall be adjusted on adoption of IFRS 9, where appropriate, including items related to investments in associates and joint ventures, although none of these potential adjustments will be material to the Group's financial statements.

- **IFRS 15 Revenue from contracts with customers**

IFRS 15, which was published in May 2014 and amended in April 2016, establishes a new five-step model applicable to the recognition of revenue from contract with customers. In accordance with IFRS 15 an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

This new standard will replace all previous standards on revenue recognition. Total or partial retroactive adoption is required for the years beginning on or after January 1, 2018. The Group plans to adopt the new standard on the required effective date, using the partial retroactive method. During 2017 the Group has made an assessment of IFRS 15.

The Group's business consists in:

- the design, manufacture and marketing of slot machines that are sold to both group companies and third parties, and the development of interactive gaming mechanisms and systems.

- Operation of slot machines, bingo halls, casinos and lotteries, in both Spain and abroad.

(a) Marketing of slot machines

This standard is not expected to have any impact on the Group's results for contracts with customers under which the sale of machines is generally the only contractual obligation. The Group expects to recognize the related revenue when control of the asset is transferred to the customer, which is customarily when the goods are delivered.

(b) Operation of slot machines, bingo halls, casinos and lotteries

1. *Loyalty points program*

Under IFRIC 13 *Customer loyalty programs*, the loyalty program offered by the Group in its casinos division and other segments in which it participates (either through control or investments in associates or joint ventures), results in the allocation of a portion of the transaction price to the loyalty program using the fair value of points issued, and the recognition of deferred revenue in relation to points issued but not yet redeemed or expired (called "Player tracking" by the Group). The Group concluded that under IFRS 15 the loyalty program gives rise to a separate performance obligation, because it generally provides a material right to the customer. Under IFRS 15, the Group will need to allocate a portion of the transaction price to the loyalty program based on a relative stand-alone selling price, instead of the allocation using the fair value of points issued, i.e., residual approach as it did under IFRIC 13. Notwithstanding the foregoing, on adoption of IFRS 15, the Group expects that operating revenues, mainly from the casinos division, will hardly change and, if they do, the amount will not be material.

2. *Presentation and disclosure requirements*

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increase the volume of disclosures required in the Group's financial statements. In addition, as required by IFRS 15, the Group will disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. However, given the Group's activity this information is not expected to be substantially different from the current one. Information that is disclosed for each reportable segment shall also be updated. In 2017 the Group continued testing the systems, internal controls, policies and procedures necessary to collect and disclose the required information.

3. *Other adjustments*

In addition to the major adjustments described above, on adoption of IFRS 15, other items of the primary financial statements such as investments in associate and joint venture will be adjusted as necessary. Furthermore, exchange differences on translation of foreign operations shall also be adjusted.

The recognition and measurement requirements in IFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as property, plant and equipment items and intangible assets), when that disposal is not in the ordinary course of business. However, on transition, the effect of these changes is not expected to be material for the Group.

- **IFRS 16 Leases**

IFRS 16 was issued in January 2016 and supersedes IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC 15 *Operating leases - Incentives* and SIC 27 *Evaluating the Substance of Transactions in the Legal Form of a Lease*. IFRS 16 establishes principles the recognition, measurement, presentation and disclosure of leases, and requires lessees to record all leases under a single lessee accounting model similar to the current recognition of finance leases in accordance with IAS 17. The standard includes two exemptions applicable to the recognition of leases by the lessees: low-value asset leases (i.e. personal computers) and short-term leases (that is, for a lease term of 12 months or less). At the commencement of a lease, lessees are required to recognize a liability representing its obligation to make lease payments (that is, lease liability) and an asset representing the right to use the underlying leased asset over the lease term (that is, the right-of-use asset). Lessees shall recognize separately the interest expense for the lease liability and the depreciation expense for the right to use the asset.

Lessees are required to reassess the lease liability when certain events occur (i.e. a change in the lease term, a change in the future lease payments derived from a change in the rate used to determine such payments). In general, lessees shall recognize the reassessed lease liability amount as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from current accounting under IAS 17. Lessors shall continue to classify all leases using the same classification principle as in IAS 17 and shall distinguish between two types of leases: operating and finance leases.

IFRS also requires lessees and lessors to include more detailed disclosures than under IAS 17.
IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15, has been applied, or is applied at the same date as IFRS 16. Lessees may use either a full retrospective or a modified retrospective approach. IFRS 16's transition provisions permit lessees to use certain transition reliefs.

In 2018 the Group will continue to assess the potential effect of IFRS 16 on its consolidated financial statements.

- **Annual Improvements to IFRS – 2014-2016 Cycle**

Amendments to IFRS 12 – Clarification of the scope of the disclosures required by IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. For the IASB the effective date of these amendments is January 1, 2017; however, they have not yet been adopted by the European Union. These amendments are not applicable to the Group.

IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- An entity that is a venture capital organization, or collective investment undertaking, investment trust or other qualifying entity, including insurance funds linked to investments, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from January 1, 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. These amendments are not applicable to the Group.

Annual Improvements to IFRS – 2015-2017 Cycle

The IASB has made the following amendments to the standards:

IFRS 3 Business combinations – Previously held interest in a joint operation

The amendments to IFRS 3 clarify that when an entity obtains control of a business that previously was a joint operation, it shall apply the requirements for business combinations achieved in stages, remeasuring previously held interests in the assets and liabilities of the joint operation at the fair value. The amendments shall be applied to business combinations whose acquisition date is in annual period beginning on or after January 1, 2019 with early application permitted.

IFRS 11 Joint Arrangements – Previously held interest in a joint operation

The amendments to IFRS 11 clarify that when an entity holds an interest in a joint operation, but has no control over it and obtains joint control of that joint operation that is a business in accordance with IFRS 3, the entity shall not re-measure previously held interests in the joint operation's assets and liabilities at fair value. The amendments shall be applied to transactions in which joint control is obtained on annual periods beginning on or after January 1, 2019 with early application permitted.

Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity is required to apply IFRS 9 Financial Instruments to interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it means that the expected credit loss model of IFRS 9 shall be applied to these investments. It also clarifies that, on adoption of IFRS 9, the entity shall not take account of any loss of the associate or the joint venture or any impairment loss on the net investment that has been recorded as an adjustment to the net investment in the associate or the joint venture under IAS 28 Investments in associates and joint ventures. The amendments include an example that illustrates how the entities shall apply the IAS 28 and IFRS 9 requirements to these long-term investments. The amendments shall be applied retrospectively, with some exceptions, in annual periods beginning on or after January 1, 2019, with early application permitted.

Amendments to IFRS 10 and IAS 28 - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

2.5 Consolidation methodology

The consolidation methodology is described in the following sections:

<u>*Consolidation methods*</u>

The methods applied in the consolidation process are as follows:

- Full consolidation method for subsidiaries
- Equity method for associates and jointly controlled companies

Additionally, as indicated in Note 11, the assets, liabilities, income and expenses of the Argentinean temporary joint ventures, since they are considered joint operations, have been incorporated as established in IFRS 11 for this type of joint arrangements. That is, the Group has recognized the following items in relation to its interest in the said joint operations:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation, including its share of the revenue from the sale of the output by the joint operation;
- Its expenses, including its share of any expenses incurred jointly.

Harmonization

The financial year of the companies within the consolidation perimeter ends on December 31. For consolidation purposes the corresponding 2017 financial statements of each company have been used.

The accounting principles applied by the companies comply with Group policies and, accordingly, no harmonization adjustments were necessary.

Elimination of internal transactions

The intercompany balances arising from financial operations, rental agreements, payment of dividends, financial assets and liabilities, purchase and sale of inventories and non-current assets and rendering of services have been eliminated. In regard with purchase and sale transactions, the unrealized margin on assets, as well as depreciation, has been adjusted in order to show the assets at their original cost to the Group.

Translation of financial statements in foreign currency

The financial statements of foreign companies have been translated into euros prior to their consolidation following the year-end rate method, except for the financial statements of Venezuelan companies, which is considered a hyperinflationary country, as stated below. Accordingly, assets and liabilities are translated at the spot rate prevailing at December 31, capital and reserves at the historical rates, and revenues and expenses at the averages rate for the year. Differences arisen from this process have been recorded directly under *Translation differences* in net equity.

According to the applicable standard for companies operating in hyperinflationary economies, as is the case of the companies that the group has in Venezuela, the translation of their financial statements into foreign currency entails:

- Adjusting the historical cost of non-monetary assets and liabilities and the various items of equity of these companies from their date of acquisition or inclusion in the consolidated statement of financial position to the end of the year to reflect the changes in purchasing power of the currency caused by the inflation.

- Adjusting the consolidated statement of comprehensive income to reflect the financial loss caused by the impact of inflation in the year on net monetary assets (loss of purchasing power).

- Adjusting the components of the consolidated statement of comprehensive income and of the consolidated statement of cash flows according to the inflation index since their generation, with a balancing entry in financial results.

- Translating all components of the financial statements of the companies operating in hyperinflationary by applying the closing exchange rate.

At December 31, 2017 and 2016 the Venezuelan economy continued to be considered hyperinflationary in terms of IFRS application.

In 2017 and 2016 the Venezuelan subsidiaries of the Group are dormant and have almost not incorporated any assets, liabilities, income or expenses in the consolidated financial statements for the years ended December 31, 2017 and 2016. Consequently, the Group's consolidated figures include almost no impacts in relation to the method described above applied in companies located in hyperinflationary countries.

2.6 Business combinations

When Group gains control over one constituted business, or directly over a business' net assets, the consideration transferred is assigned to assets and liabilities, measured at fair value. The difference between the sum of fair values and the sum of the consideration transferred plus the amount of any non-controlling interest in the acquiree at acquisition date is recognized as goodwill where it is positive or as income in the consolidated statement of comprehensive income where the difference is negative.

The consideration transferred in a business combination is measured at fair value. This is calculated as the sum of the acquisition fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree, and the equity interests issued by the acquirer.

The costs related to the acquisition, such as finder's fees, advice, legal, accounting valuation and other professional or consulting fees, are recognized as expenses in the years when they are incurred and the services are provided.

2.7 Intangible assets

Intangible assets are initially measured at acquisition cost less accumulated amortization and any impairment loss.

Goodwill is not amortized as it is considered to have an indefinite useful life. Instead, it is tested for impairment at least annually as well as intangible assets with indefinite useful lives. Likewise, the net carrying amount of intangible assets having finite useful life is tested for impairment when there is evidence or changes of not recovering the carrying amount, similar to the criteria established for property, plant and equipment.

Research expenses are charged to expenses when incurred, while development costs related to an individual project are capitalized when the Group can demonstrate the technical feasibility and profitability, the availability of financing resources, and incurred costs can be measured reliably. Development expenses to be capitalized, including the cost of materials, personnel expenses directly attributable and a fair proportion of overheads, are amortized using a declining method (50% the first year) over the period for which they expect to obtain profits or income from such project, which generally comprises three years.

Amounts paid to the owners of the sites where the slot machines are located on an exclusivity basis are capitalized as installation rights. They are amortized on a straight-line basis over the contract term.

Administrative concessions are amortized on a straight-line basis, according to the concession term, as well as transfer rights of leased premise

Software is amortized on a straight-line basis over three years.

2.8 Property, plant and equipment

Property, plant and equipment are measured at acquisition cost less accumulated depreciation and any recognized impairment loss.

The Group assesses whether there is an indication that the net carrying amount of property, plant and equipment may be impaired. If any indication exists, assets or cash-generating units are recorded at their recoverable amount.

Expenses for repairs which do not extend the useful life of the assets, as well as maintenance expenses, are taken to the consolidated statement of comprehensive income in the year incurred. Expenses incurred for expansion or improvements which increase the productivity or prolong the useful life of the asset are capitalized. Future expenses for restoring and retirement are recognized, at present value, as a cost component, with a liability provision as counterpart.

Depreciation charges are calculated over the estimated useful lives of the assets. Property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful life. A declining basis is used alternatively for some assets, basically slot machines, since it better follows the actual pattern of income related to these assets.

	Method	Rate
Commercial buildings (new/used) and plant	Straight line	2-4%
Riverboats	Straight line	6.6%
Production installations (new/used)	Straight line	8-16%
Other installations	Straight line	8-12%
Production machinery	Straight line	10%
Other production equipment	Straight line	20%
New slot machines ("A" and "B" / "V" and "C")	Declining/Straight line	20%
Used slot machines	Straight line	40%
Furniture (new/used)	Straight line	10-20%
Vehicles (new/used)	Declining/Straight line	10-32%
Tools and furniture (new/used)	Straight line	30-60%
Data processing equipment (new/used)	Declining/Straight line	25-50%
Molds and dices	Straight line	25%
Other PP&E items	Straight line	16%

The finite useful life of slot machines is necessarily subject to exogenous factors (mainly market and competence) of difficult forecast. In the event that such equipment completes its useful life before the base period used for depreciation, the net balance of the related good at the removal date is charged as depreciation for the year, given its recurrent and typical features, as well as its corrective nature of systematic depreciation performed on related goods.

2.9 Investments in associates

Investments are accounted for under the proportional consolidation method or the equity method, that is, they are accounted initially at cost and its carrying amount is increased or decreased in order to recognize the part of the result of the invested company attributed to the Group from the acquisition date.

Part of the profit (loss) for the year of the invested company is recorded in the Group consolidated statement of comprehensive income. Dividends received reduce the amount of the investment.

Changes in the invested company's equity different than those generated by income of the period are directly recorded as changes in the Group's net equity.

2.10 Financial assets

Financial assets are initially recorded at fair value. For investments not measured at fair value with changes in results, directly attributable transaction costs are added. The Group establishes the classification of financial assets at the initial recognition, and, when appropriate and allowed, the classification is assessed again at each year end.

Loans and receivables

The Group recognizes in this category trade and non-trade receivables, which include financial assets with fixed or determinable payments not quoted on active markets and for which the Group expects to recover the full initial investment, except, where applicable, in cases of credit deterioration.

Following initial recognition, these financial assets are measured at amortized cost.

Nevertheless, trade receivables which mature within less than one year with no contractual interest rate, as well as prepayments and loans to personnel, the amount of which is expected to be recovered in the short term, are carried at nominal value both at initial and subsequent measurement, when the effect of not discounting cash flows is not significant.

2.11 Cancelation of financial assets and liabilities

Financial assets (or, when applicable, part of a financial asset or part of a group of similar financial assets) are derecognized when:

- Rights to related cash flows have expired;
- The Group has retained the right to receive related cash flows, but has assumed the liability of fully paying them within the established terms to a third party under a transfer agreement;
- The Group has transferred the rights to receive related cash flows and (a) has substantially transferred the risks and rewards incidental to the ownership of the financial asset, or (b) has not transferred or retained the asset's risks and rewards, but has transferred the control over the asset.

Financial liabilities are derecognized when the related liability is settled, cancelled or expired. When a financial liability is replaced for other from the same borrower but with substantially different terms, or the conditions of the existing liability are substantially modified, such change or modification is recorded as a disposal of the original liability and an addition of a new liability. Difference of related carrying amounts is recognized in the consolidated statement of comprehensive income.

2.12 Inventories

Inventories are accounted for at the lower of the acquisition cost and the recoverable amount.

The recoverable amount of raw materials is the replacement cost. Nevertheless, no provision is set aside for raw materials and other consumables used in production, if the finished products in which they are to be incorporated will be sold above cost. The recoverable value of finished products corresponds to the estimated sales price less related selling expenses.

The cost value of finished products includes materials measured at the weighted average acquisition price, third-party work, labor and production overhead.

2.13 Cash and cash equivalents

This heading includes cash, current accounts, bank deposits and other financial investments maturing within less than three months from the acquisition date, provided that risks of the substantial alteration of their value are not significant.

In terms of the consolidated statement of cash flows, cash and cash equivalents include the abovementioned concepts, net of bank overdrafts, if applicable.

2.14 Impairment of assets

Non-financial assets

The Group assesses at each year end whether there is an indication that a non-current asset may be impaired. If any indication exists, and when an annual impairment test is required, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of the cash-generating unit (CGU) fair value less cost to sell and value in use, and it is established for each separate asset, unless for assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and its carrying amount is reduced to the recoverable amount. To assess value in use, expected cash flows are discounted to their present value using risk free market rates, adjusted by the risks specific to the asset. Impairment losses from continuing activities are recognized in the consolidated statement of comprehensive income.

The Group assesses at year end indicators of impairment losses previously recorded in order to verify whether they have disappeared or decreased. If there are indicators, the Group estimates a new recoverable amount. A previously recognized impairment loss is reversed only if the circumstances giving rise to it have disappeared, since the last loss for depreciation was recognized. In this regard, the asset's carrying amount increases to their recoverable amount. The reversal is limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset.

The reversal is recognized in the consolidated statement of comprehensive income. Upon such reversal, the depreciation expense is adjusted in the following periods to amortize the asset's revised book value, net of its residual value, systematically over the asset's useful life.

Financial assets

The Group assesses at year end if financial assets or group of financial assets are impaired. To assess the impairment of certain assets, the following criteria are applied:

- Assets measured at amortized cost

If there is objective evidence that there is an impairment loss of loans and other receivables recorded at amortized cost, the loss is measured as the difference between the net carrying amount and the present value of estimated cash flows, discounted at the current market rate upon initial recognition. The net carrying amount is reduced by an allowance, and the loss is recorded in the consolidated statement of comprehensive income.

Impairment loss is reversed only if the circumstances giving rise to it have ceased to exist. Such reversal is limited to the carrying amount of the financial asset that would have been recognized on the reversal date had no impairment loss been recognized.

In regard with trade and other receivables, when there is objective evidence of not collecting them, an adjustment is made based on identified bad debts risk.

2.15 Treasury shares

Treasury shares are recorded as a direct decline in the Group's equity. They are measured at cost value, without recognizing any impairment loss. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase or sale of the Group's own equity instruments.

2.16 Provisions

Provisions are recognized when:

- the Group has a present obligation either legal, contractual or constructive as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount of the obligation can be reliably measured.

When the effect of the cash temporary value is significant, the provision is estimated as the present value of the future cash flows required to settle the obligation.

The discount rate applied in the assessment of the obligation's present value only corresponds to the temporary value of money and does not include the risks related to the estimated future cash flows related to the provision. The increase of the provision derived from the aforementioned discount is recorded as a financial expense.

2.17 Interest yield loans and credits

Loans and credits are initially measured at cost value, which is the fair value of the contribution received, net of issuance costs related to the debt.

Upon initial recognition, interest yield loans and credits are recognized at amortized cost using the effective interest rate method, including any issuance cost and discount or settlement premium.

2.18 Translation of balances in foreign currency

Transactions in foreign currency are translated at the spot rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the spot rate prevailing at the closing date. Unrealized exchange gains or losses are recognized in the consolidated statement of comprehensive income. As an exception, exchange gains or losses arising from monetary assets and liabilities that reflect investments in foreign subsidiaries are recorded in *Translation differences* in equity, with no impact on the consolidated statement of comprehensive income.

2.19 Leases

Leases are considered to be financial leases when all risks and rewards incidental to ownership of the leased item are substantially transferred to the Group. Assets acquired under financial lease arrangements are recognized as property, plant and equipment at the beginning of the lease term in the consolidated statement of financial position, recording an asset equivalent to the fair value of the leased item or, if lower, the present value at the commencement of the lease of the minimum lease payments. A financial liability is recorded for the same amount.

Lease payments are apportioned between finance charges and reduction of the lease liability, in order to maintain a constant interest rate of the outstanding debt. The finance charges are recorded directly in the consolidated statement of comprehensive income. These assets are depreciated, impaired, and derecognized using the same criteria applied to assets of a similar nature.

Leases are considered to be operating leases when all risks and rewards incidental to ownership of the leased item are substantially maintained by the lessor. Operating lease payments are recognized as expense in the consolidated statement of comprehensive income when accrued over the lease term.

2.20 Revenues

Revenues are recognized when it is probable that the economic benefits from the transaction will flow to the Group and the amount of income and costs incurred or to be incurred can be reliably measured.

Revenues from exploiting slot machines are measured at the collected amount. The percentage of the amount collected from slot machines attributable to the owner of the premises where the machine is located is included as operating expense under *Variable rent.*

Revenues from bingo cards are recognized for the total amount of sold cards, based on their face value, while recognizing the prizes granted to players as a decrease in operating revenues. The card cost is recorded in *Consumptions*, and the gaming tax rate over purchased bingo cards is included under *Gaming taxes*.

Revenue from casinos is recorded for the net amount from the game ("win"), after deducting prizes removed by players.

Revenue from sale of finished products is measured when risks and significant benefits incidental to the ownership of the assets have been transferred to the buyer and the outcome can be estimated reliably, circumstance that generally arises with the effective goods delivery.

Interest income is recorded based on the time passed, including the asset's effective yield.

2.21 Restructuring expenses

Expenses incurred in restructuring processes, mainly indemnities to personnel, are recognized when a formal and detailed plan exists to perform such process by identifying the main parameters (i.e. main locations, functions and approximate number of affected employees, estimated payments and the implementation schedule) and creating a real and valid expectation among affected employees in regard with the process.

2.22 Income tax

Deferred income tax is recognized on all temporary differences at the closing date between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position.

Deferred tax liabilities are recognized for all temporary differences, except for taxable temporary differences arisen from an acquired goodwill, which amortization is not tax deductible and those arisen upon the initial recognition of an asset or liability in a transaction, other than a business combination, and that at the transaction date did not affect the accounting or the tax result.

Likewise, a deferred tax liability is recognized for all taxable temporary differences from investments in subsidiaries, associates or jointly controlled companies, except when both the following conditions are met: (a) the Group is able to manage the reversal date of the temporary difference and (b) the temporary difference will not be reversed in the future. In this regard, when the results are generated in subsidiaries in countries where there is not an agreement to avoid double taxation and the Group's policy is the repatriation of dividends, the Group records a deferred tax related to the effective amount that would be filed when profits are repatriated.

Deferred tax assets are recognized for all deductible temporary differences, tax credits and unused tax loss carryforwards, to the extent that it is probable that future taxable profit will be available against which these assets may be utilized, except for deductible temporary differences arisen upon the initial recognition of an asset or liability in a transaction, other than a business combination, and that at the transaction date did not affect the accounting or the tax result.

Furthermore, only a deferred tax asset is recognized for all deductible temporary differences from investments in subsidiaries, associates or jointly controlled companies when both the following conditions met: (a) the temporary difference will be reversed in the future, and (b) it is probable that future taxable profit will be available against which these temporary differences may be utilized.

The recovery of deferred tax assets is reviewed at year end, reducing the amount in assets to the extent that it is probable that future taxable benefits will not be available and consequently these assets could not be utilized.

Deferred taxes are measured based on the tax legislation and charge rates enacted or to be enacted, at the date of consolidated statement of financial position.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or non-current liabilities, respectively.

2.23 Contingencies

When unfavorable outcome of a situation that leads to a potential loss is likely to occur (i.e. more than 50% of possibilities), the Group establishes a provision which is recorded based on the best estimate of present value of expected future disbursement. On the other hand, if expectations of favorable resolution are more likely, no provision is recorded, which is reported in the notes of existing risks, unless the possibility of a negative outcome is clearly considered remote.

2.24 Classification of current and non-current assets and liabilities

Assets and liabilities are classified in the consolidated statement of financial position as current and non-current according to their maturity date. Current assets mature within one year from the closing date, and non-current assets mature in more than such period.

3. SEGMENT INFORMATION

The Group's activities are organized and managed separately based on the nature of the provided services and products. Each segment represents a strategic business unit, which provides several services and offers product to different markets. The related operating results are assessed regularly by the Group's Management in order to decide which resources should be allocated to the segment and to assess its yield.

The Group has classified as operating segment the identified Group component in charge of supplying a single product or service, or a group of them, which is subject to risks and returns of different nature to those related to other segments within the Group. The main factors considered in identifying the segments have been the nature of products and services, the nature of the production process and the type of customer.

Assets, liabilities, income and expenses by segments include those directly and reasonably assignable. The captions not assigned by the Group correspond to deferred tax assets and liabilities accounts.

The transfer prices between segments are calculated based on the actual costs incurred, which have been increased by a fair trading margin.

3.1 Operating segments

The distribution of detailed operating segments meets the information usually managed by the Management. Segments, as defined by the Group, are as follows:

Slots:

Owns and operates slot machines in bars, cafés, restaurants and recreation rooms in Spain and Italy. Also provides interconnected machines in Italy.

B2B:

Designs, manufactures and distributes slot machines and game kits for the Spanish and international market. The division sells directly or through distributors to other divisions of the Group, mainly slot division, and third parties.

Casinos:

The Group operates with two types of casinos, traditional casinos which include table games and casino slot machines, and electronic casinos which only operate with casino slot machines.

Bingos:

Operation of bingo halls mainly in Spain and to a lesser extent, in Italy and Mexico. The parlors operate through the sale of bingo cards to customers, and to a lesser extent through the operation of slot machines and restoration services.

Other segments:

Segments that aggregately represent less than 10% of total external and internal revenue, less than 10% of the combined result of all segments with added benefits and less than 10% of total assets, have been considered as irrelevant and no specific information has been provided, grouped under this generic title.

The following chart shows information on revenue and results, information about assets and liabilities, and other information related to the different operating segments as for December 31, 2017 and 2016.

2017

(Thousands of euros)	Slots	B2B	Casinos	Bingo	Eliminations and other	Total
Assets by segment						
Non-current assets assigned	280,748	119,805	429,825	97,453	166,364	1,094,195
Non-current assets not assigned	-	-	-	-	56,540	56,540
Current assets assigned	122,177	66,816	224,867	19,951	30,938	464,749
Total assets	**402,925**	**186,621**	**654,692**	**117,404**	**253,842**	**1,615,484**
Liabilities by segment						
Liabilities assigned	(557,208)	(94,947)	(493,383)	(114,903)	(220,879)	(1,481,320)
Liabilities not assigned	-	-	-	-	(121,222)	(121,222)
Total liabilities	**(557,208)**	**(94,947)**	**(493,383)**	**(114,903)**	**(342,101)**	**(1,602,542)**
Net operating revenue from variable rent						
Sales to external customers	672,424	63,679	787,802	218,814	(26,568)	1,716,151
Sales intra-group	669	45,951	1,741	3,550	(51,911)	-
Total net operating revenue from variable rent	**673,093**	**109,630**	**789,543**	**222,364**	**(78,479)**	**1,716,151**
Profit for the year						
EBITDA (*)	128,751	18,651	250,978	53,879	(25,240)	427,019
Financial income	2,077	4,870	9,962	1,124	(10,620)	7,413
Financial costs	(22,063)	(4,271)	(24,317)	(5,532)	(20,613)	(76,796)
Profit/(loss) before income tax	3,687	15,159	153,178	26,480	(40,140)	158,364
Income tax	(2,539)	(2,896)	(57,605)	(8,132)	9,321	(61,851)
Profit/(loss) after tax	1,147	12,264	95,573	18,348	(30,819)	96,513
Non-monetary expenses						
Depreciation, amortization and impairment	(101,018)	(3,648)	(87,267)	(17,722)	14,854	(194,801)
Changes in trade provisions	(2,696)	(22)	(23)	(67)	-	(2,808)
Other significant expenses						
Personnel	(66,018)	(20,184)	(167,976)	(43,668)	(14,801)	(312,647)
Supplies and external services	(76,414)	(20,531)	(168,094)	(60,849)	29,703	(296,185)
Gaming taxes	(363,205)	(1,145)	(186,682)	(53,284)	(161)	(604,477)
Other information by segments						
Investment in non-current assets (cash flow)	66,805	6,621	60,017	22,264	288	155,995
Investments in associates (balance sheet)	6,894	1,430	11,015	38,481	-	57,820
Non-controlling interests (profit or loss)	(2,092)	(296)	(20,762)	(2,535)	-	(25,685)

(*) For financial information purposes, EBITDA is defined as profit (loss) before income tax, financial result, profit/(loss) on investments in associates, profit/(loss) on sale/disposals of non-current assets, change in trade provisions, and depreciation, amortization and impairment charges.

2016

(Thousands of euros)	Slots	B2B	Casinos	Bingo	Eliminations and other	Total
Assets by segment						
Non-current assets assigned	261,291	133,351	453,974	79,858	180,991	1,109,465
Non-current assets not assigned	-	-	-	-	75,788	75,788
Current assets assigned	108,499	66,073	251,722	25,250	3,012	454,556
Total assets	**369,790**	**199,424**	**705,696**	**105,108**	**259,791**	**1,639,809**
Liabilities by segment						
Liabilities assigned	(428,567)	(107,939)	(558,562)	(133,244)	(268,993)	(1,497,305)
Liabilities not assigned					(130,670)	(130,670)
Total liabilities	**(428,567)**	**(107,939)**	**(558,562)**	**(133,244)**	**(399,663)**	**(1,627,975)**
Net operating revenue from variable rent						
Sales to external customers	643,997	55,508	727,955	205,494	(20,136)	1,612,818
Sales intra-group	916	41,530	1,900	2,854	(47,200)	-
Total net operating revenue from variable rent	**644,913**	**97,038**	**729,855**	**208,348**	**(67,336)**	**1,612,818**
Profit for the year						
EBITDA (*)	116,086	16,208	245,669	42,095	(21,789)	398,269
Financial income	7,298	6,875	10,621	806	(16,869)	8,731
Financial costs	(21,043)	(5,432)	(38,199)	(6,530)	(26,312)	(97,516)
Profit/(loss) before income tax	7,269	12,631	92,630	20,274	(57,010)	75,794
Income tax	(9,132)	(2,418)	(41,830)	(5,480)	6,606	(52,256)
Profit/(loss) after tax	(1,863)	10,213	50,800	14,794	(50,406)	23,538
Non-monetary expenses						
Depreciation, amortization and impairment	(87,252)	(3,707)	(97,530)	(15,326)	7,017	(196,798)
Changes in trade provisions	(3,076)	(12)	(28,715)	(83)	-	(31,886)
Other significant expenses						
Personnel	(61,460)	(19,511)	(157,604)	(40,905)	(11,530)	(291,010)
Supplies and external services	(78,580)	(18,961)	(154,765)	(57,327)	28,555	(281,078)
Gaming taxes	(354,762)	(1,106)	(156,583)	(58,056)	(94)	(570,601)
Other information by segments						
Investment in non-current assets (cash flow)	56,870	3,905	55,233	14,520	405	130,933
Investments in associates (balance sheet)	4,111	1,331	9,972	41,083	-	56,497
Non-controlling interests (profit or loss)	(515)	(238)	(17,467)	(2,054)	-	(20,274)

(*) For financial information purposes, EBITDA is defined as profit (loss) before income tax, financial result, profit/(loss) on investments in associates, profit/(loss) on sale/disposals of non-current assets, change in trade provisions, and depreciation, amortization and impairment charges.

3.2 Geographic segments

In the presentation of information by geographic segments, sales are based on the destination country and the assets on their location. The following chart shows this information as for December 31, 2017 and 2016.

2017

(Thousands of euros)	Sales to external customers	Sales inter-segment	Total revenue by segment	Assets by segment	Investment in non-current assets
Spain	547,831	106,094	653,925	660,122	74,515
Latin America	832,945	748	833,693	815,426	76,329
Italy	335,375	16	335,391	117,755	4,481
Eliminations and other	-	(106,858)	(106,858)	22,181	670
	1,716,151	**-**	**1,716,151**	**1,615,484**	**155,995**

2016

(Thousands of euros)	Sales to external customers	Sales inter-segment	Total revenue by segment	Assets by segment	Investment in non-current assets
Spain	516,806	94,965	611,771	702,620	55,464
Latin America	761,127	708	761,835	927,102	63,316
Italy	334,885	297	335,182	109,467	12,153
Eliminations and other	-	(95,970)	(95,970)	(99,380)	-
	1,612,818	**-**	**1,612,818**	**1,639,809**	**130,933**

4. BUSINESS COMBINATIONS AND ACQUISITIONS OF ASSOCIATES

4.1 2017

The breakdown of the companies in which the Company has gained unilateral and exclusive control in 2017 is summarized as follows:

		(Thousands of euros)				
Name and description of companies and business	**Acquisition date**	**Acquisition price**	**Fair value of acquired net assets**	**Non-controlling interests arisen in the business combination**	**Fair value of prior ownership interest**	**Goodwill arising on acquisition (Note 5)**
Miky, S.L. and subsidiaries	May 2017	38,457	38,457	-	-	-
Op. De Entretenimiento Manzanillo, S.L.	February 2017	2,325	3,262	937	-	-
Bingo Santven, S.A.U.	January 2017	4,750	4,750	-	-	-
Global TC Corp., S.A.U.	March 2017	903	903	-	-	-
Triveneto Games, S.R.L.	September 2017	762	762	-	-	-
Sierra Machines, S.A.C.	July 2017	9,046	9,046	-	-	-
Inmobiliaria Rapid, S.A.C.	July 2017	14,139	14,139	-	-	-
L&G Business, S.L.	October 2017	75	75	-	-	-
Recreativos Ergosa, S.L.U. and subsidiaries	November 2017	544	544	-	-	-
MCA Automatics, S.L.	December 2017	6,433	6,433	-	-	-
Social Games Online, S.L.	December 2017	2,482	2,482	-	-	-
Italtronic, S.R.L.	November 2017	3,000	3,000	-	-	-
Promociones Sol Ibiza, S.A.	November 2017	460	641	180	-	-
		83,376	**84,494**	**1,117**	**-**	**-**

The value of identifiable assets and liabilities at the date of gaining control over the business combinations was as follows:

(Thousands of euros)	Recognized on acquisition	Carrying amount
Property, plant and equipment	21,510	17,957
Intangible assets	76,518	7,067
Other non-current assets	6,936	6,064
Current assets	14,412	14,412
Liabilities (including generated deferred taxes)	(34,882)	(15,274)
	84,494	30,226

If acquisitions had occurred at the beginning of the year, consolidated operating revenues in 2017 would have increased by 32,941 thousand euros and consolidated profit for the year 2017 would have increased by 1,344 thousand euros. Additionally, the gains contributed to the Group by these companies since the date of acquisition amount to 1,549 thousand euros.

4.2 2016

The breakdown of the companies in which the Company has gained unilateral and exclusive control in 2016 is summarized as follows:

		(Thousands of euros)				
Name and description of companies and business	**Acquisition date**	**Acquisition price**	**Fair value of acquired net assets**	**Non-controlling interests arisen in the business combination**	**Fair value of prior ownership interest**	**Goodwill arising on acquisition (Note 5)**
Comercial Jupama, S.A. and subsidiaries	April 2016	10,915	19,169	8,254	-	-
Servicios y Distribución de Recreativos, S.A.	July 2016	1,108	1,108	-	-	-
Servi-Joc, S.A.	May 2016	1,884	3,034	1,150	-	-
Bema Euromatic, S.A. and subsidiaries	July 2016	4,654	7,441	2,787	-	-
Saturno 5 Conexión, S.L.	July 2016	251	251	-	-	-
Caballo 5, S.L.	July 2016	300	300	-	-	-
Losimai, S.A.	November 2016	-	-	-	-	-
Amical Trading, S.L.	December 2016	2	2	-	-	-
Juegos San José S.A. and subsidiaries	January 2016	-	13,394	4,531	8,863	-
		19,114	**44,699**	**16,722**	**8,863**	**-**

The value of identifiable assets and liabilities at the date of gaining control over the business combinations was as follows:

(Thousands of euros)	Recognized on acquisition	Carrying amount
Property, plant and equipment	19,685	9,126
Intangible assets	19,550	2,547
Other non-current assets	8,230	7,501
Current assets	12,101	12,101
Liabilities (including generated deferred taxes)	(14,867)	(8,071)
	44,699	**23,204**

If acquisitions had occurred at the beginning of the year, consolidated operating revenues in 2016 would have increased by 8,875 thousand euros and consolidated profit for the year 2016 would have increased by 659 thousand euros. Additionally, the gains contributed to the Group by these companies since the date of acquisition amount to 1,385 thousand euros.

5. GOODWILL

The breakdown of goodwill by operating segments is as follows:

(Thousands of euros)	2017	2016
Bingos	27,525	28,428
Slots	16,457	21,457
Casinos	48,930	54,527
	92,912	**104,412**

The amount of goodwill at December 31, 2017 and 2016 is shown net of impairment loss allowances, which according to the applicable accounting standards are not revertible, amounting to 125,675 and 119,894 thousand, respectively. During 2017 an impairment loss on goodwill amounting to 5,781 thousand euros (Note 10.1) has been recognized (2016: 9,013 thousand euros).

The evolution of the goodwill amount recorded in books, net of impairment loss, is as follows:

(Thousands of euros)	2017	2016
Balance at January 1	104,412	112,763
Impairment losses	(5,781)	(9,013)
Net exchange differences arising during the period	(5,719)	2,978
Derecognition due to sale of companies (Note 1.3)	-	(1,259)
Other	-	(1,057)
Balance at December 31	**92,912**	**104,412**

6. OTHER INTANGIBLE ASSETS

6.1 Movements

<u>2017</u>

(Thousands of euros)	January 1, 2017	Additions	Disposals	Transfers	Translation differences and other	December 31, 2017
COST						
Development costs and patents	52,952	3,403	-	-	-	56,355
Administrative concessions	131,552	2,902	(28)	91	(13,548)	120,968
Installation rights	542,607	115,251	(7,158)	-	(7,033)	643,668
Transfer rights	7,924	5,358	(1,860)	-	(604)	10,817
Software	32,872	3,456	(275)	22	(1,864)	34,211
Prepayments and other	151	-	-	-	-	151
	768,058	**130,370**	**(9,321)**	**113**	**(23,049)**	**866,170**
AMORTIZATION						
Development costs and patents	(48,595)	(1,485)	-	-	-	(50,080)
Administrative concessions	(62,434)	(10,101)	28	-	3,275	(69,232)
Installation rights	(236,309)	(63,820)	5,011	-	629	(294,489)
Transfer rights	(5,192)	(1,554)	1,860	-	234	(4,652)
Software	(27,094)	(2,497)	273	-	516	(28,802)
	(379,624)	(79,457)	7,172	-	4,654	(447,255)
Impairment loss	(17,155)	(4,191)	1,613	-	6	(19,727)
Net carrying amount	**371,279**	**46,722**	**(536)**	**113**	**(18,389)**	**399,188**

2016

(Thousands of euros)	January 1, 2016	Additions	Disposals	Transfers	Translation differences and other	December 31, 2016
COST						
Development costs and patents	52,163	2,378	(1,367)	-	(222)	52,952
Administrative concessions	133,207	8,913	(7,382)	-	(3,186)	131,552
Installation rights	515,173	39,179	(11,490)	-	(255)	542,607
Transfer rights	7,433	731	-	-	(240)	7,924
Software	32,826	1,007	(1,501)	340	200	32,872
Prepayments and other	492	-	-	(340)	(1)	151
	741,294	**52,208**	**(21,740)**	**-**	**(3,704)**	**768,058**
AMORTIZATION						
Development costs and patents	(48,081)	(2,014)	1,328	-	172	(48,595)
Administrative concessions	(52,550)	(9,802)	707	-	(789)	(62,434)
Installation rights	(188,356)	(57,163)	8,909	-	301	(236,309)
Transfer rights	(3,592)	(1,731)	-	-	131	(5,192)
Software	(25,735)	(2,497)	1,413	-	(275)	(27,094)
	(318,314)	**(73,207)**	**12,357**	**-**	**(460)**	**(379,624)**
Impairment loss	**(14,363)**	(4,129)	1,337	-	-	**(17,155)**
Net carrying amount	**408,617**	**(25,127)**	**(8,046)**	**-**	**(4,165)**	**371,279**

Additions in 2017 include the effects of business combinations (Note 4), which amounted to a gross value of 82,376 thousand euros (2016: 22,712 thousand euros) and accumulated amortization of 5,858 thousand euros (2016: 3,162 thousand euros). These amounts were almost entirely related to *Installation rights*, as in 2016.

Most of the rest of additions in 2017 and 2016 included in *Installation rights* mainly relate to the non-refundable payment in exchange of the exclusive rights to operate the premises where the slot machines are located. The disposals in this caption for both years mainly relate to installation rights pending amortization in premises which are closed, or it was decided not to operate the machine for profitability reasons.

6.2 Development costs and patents

They correspond mainly to the following:

- Industrial companies: Creation of new models of slot machines and technological innovations for them. Net value as of December 31, 2017 and 2016 is 3,576 and 2,242 thousand euros, respectively.
- Lottery and interactive products companies: Development of software applications for on-line games. Net value as of December 31, 2017 and 2016 is 2,700 and 2,115 thousand euros, respectively.

The internal cost of developing new models of slot machines and software for on-line games by the B2B division of the Group are capitalized as an increase in the value of developments costs and patents with a charge to the corresponding expenses according to their nature in the consolidated statement of comprehensive income. The total amount of works performed by the Group for the intangible assets in 2017 and 2016 amounted to 3,267 and 2,251 thousand euros, respectively.

Research and development expenses recognized as expenses in 2017 amounted to 41 thousand euros (2016: 103 thousand euros) (Note 21.2).

6.3 Administrative concessions

The gross balance of official licenses to operate as of December 31, 2017 mainly corresponds to:

- An official contract to operate slot machines in Panama amounting to 44,364 thousand euros (50,001 thousand euros at December 31, 2016). The net value of this concession at December 31, 2017 amounts to 11,962 thousand euros (16,375 thousand euros at December 31, 2016).

- An Argentinean company holds the concession of a lottery employing disabled people amounting to 395 thousand euros at December 31, 2017 (545 thousand euros at December 31, 2016). The net value of these concessions at December 31, 2017 and 2016 is zero.

- Licenses of video terminals acquired by Cirsa Italia S.p.A. for an amount of 40,807 thousand euros (40,807 thousand euros at December 31, 2016). The net value of this concession at December 31, 2017 is 16,447 thousand euros (20,535 thousand euros at December 31, 2016).

- Licenses arisen in the gain of control of Casino de Rosario, S.A. for an amount of 19,158 thousand euros at December 31, 2017 (25,581 thousand euros at December 31, 2016). The net value of these licenses at December 31, 2017 is 16,191 thousand euros (22,610 thousand euros at December 31, 2016).

6.4 Installation rights

Installation rights correspond to the amounts paid in exchange for the exclusive use of the premises in which slot machines are located.

6.5 Impairment losses

The balance of *Impairment losses* basically covers the value of certain administrative concessions in Argentina (395 and 545 thousand euros at December 31, 2017 and 2016, respectively).

The impairment losses recognized during 2017 mainly correspond to exclusive rights to points of sale that will no longer be operational.

Note 10 includes several elements in relation to a test of the potential impairment of the Group's assets.

6.6 Other information

At December 31, 2017, the net value of intangible assets in foreign companies of the Group amounted to 136,393 thousand euros (2016: 144,773 thousand euros).

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Movements

2017

(Thousands of euros)	January 1, 2017	Additions	Disposals	Transfers	Translation differences and other	December 31, 2017
Cost						
Land and buildings	289,948	14,423	(1,230)	1,756	(47,342)	257,555
Installations	81,140	7,773	(2,386)	1,620	(6,420)	81,727
Machinery	622,612	90,222	(55,908)	15,852	(56,399)	616,379
Data processing equipment	63,351	8,041	(2,085)	304	(3,754)	65,857
Vehicles	13,040	570	(375)	-	(2,385)	10,850
Other installations, tools, and furniture	298,210	24,678	(13,874)	3,644	(17,928)	294,730
Assets in progress	14,441	24,508	(446)	(23,289)	829	16,043
	1,382,742	**170,215**	**(76,304)**	**(113)**	**(133,399)**	**1,343,141**
Depreciation						
Buildings	(94,286)	(13,954)	363	-	2,851	(105,026)
Installations	(60,098)	(7,009)	2,371	-	5,803	(58,933)
Machinery	(465,454)	(74,825)	50,888	-	41,696	(447,695)
Data processing equipment	(53,938)	(7,165)	1,596	-	2,904	(56,603)
Vehicles	(9,357)	(1,354)	153	-	1,882	(8,676)
Other installations, tools, and furniture	(224,608)	(23,428)	13,125	-	13,123	(221,788)
	(907,741)	**(127,735)**	**68,496**	**-**	**68,259**	**(898,721)**
Impairment losses	**(10,772)**	**(5,710)**	**3,059**		**53**	**(13,370)**
Net carrying amount	**464,229**	**36,770**	**(4,749)**	**(113)**	**(65,087)**	**431,050**

2016

(Thousands of euros)	January 1, 2016	Additions	Disposals	Transfers	Translation differences and other	December 31, 2016
Cost						
Land and buildings	295,915	22,759	(2,709)	3,373	(29,390)	289,948
Installations	68,920	6,171	(410)	6,078	381	81,140
Machinery	574,297	74,012	(47,649)	21,545	407	622,612
Data processing equipment	57,547	6,702	(1,484)	1,033	(447)	63,351
Vehicles	14,153	1,016	(644)	-	(1,485)	13,040
Other installations, tools, and furniture	285,959	17,876	(6,436)	3,692	(2,881)	298,210
Assets in progress	16,377	34,523	(1,450)	(35,721)	712	14,441
	1,313,168	**163,059**	**(60,782)**	**-**	**(32,703)**	**1,382,742**
Depreciation						
Buildings	(80,233)	(17,473)	1,107	-	2,313	(94,286)
Installations	(49,472)	(9,130)	337	(773)	(1,060)	(60,098)
Machinery	(415,804)	(84,237)	36,673	(12)	(2,074)	(465,454)
Data processing equipment	(49,055)	(6,189)	1,001	-	305	(53,938)
Vehicles	(8,835)	(1,892)	433	-	937	(9,357)
Other installations, tools, and furniture	(204,086)	(27,308)	4,823	785	1,178	(224,608)
	(807,485)	**(146,229)**	**44,374**	**-**	**1,599**	**(907,741)**
Impairment losses	**(4,098)**	**(9,935)**	**3,265**	,	**(4)**	**(10,772)**
Net carrying amount	**501,585**	**6,895**	**(13,143)**	**-**	**(31,108)**	**464,229**

The column *Additions* in 2017 includes the effect of the business combinations (Note 4), which has amounted to a gross value of 41,945 thousand euros (40,245 thousand euros in 2016) and accumulated depreciation of 20,435 thousand euros (20,560 thousand euros in 2016).

Additions in 2017 also included investments in assets in Spain (35,859 thousand euros), Colombia (16,577 thousand euros), Argentina (13,021 thousand euros), Mexico (16,863 thousand euros), Peru (5,618 thousand euros) and Panama (17,785 thousand euros), mainly to renovate some already-installed halls, and additions of property, plant and equipment under construction amounting to 24,508 thousand euros as a result of the renovation and expansion of casinos, mainly in Latin American countries. It should be noted that most of the additions in said caption of property, plant and equipment under construction in 2017 were recognized according to their nature, since most of the halls under construction were already put to use.

Additionally, additions in 2016 also included investments in assets in Spain (27,051 thousand euros), Colombia (14,570 thousand euros), Argentina (18,968 thousand euros), Mexico (9,010 thousand euros), Peru (2,728 thousand euros) and Panama (7,382 thousand euros), mainly to renovate some already-installed halls, and additions of property, plant and equipment under construction amounting to 34,523 thousand euros as a result of the renovation and expansion of casinos, mainly in Latin American countries. It should be noted that most of the additions in the said caption of property, plant and equipment under construction in 2016 were recognized according to their nature, for the same purpose as at 2017 year end.

Disposals in 2017 and 2016 show sales of assets and other disposals, mainly due to the substitution of slot machines, which represented a loss of 3,044 thousand euros in 2017 (a loss of 4,252 thousand euros in 2016).

7.2 Work performed by the Group for property, plant and equipment

The cost value of the slot machines manufactured by Group companies and sold to slot machine operators of the Cirsa Group, are recognized as property, plant and equipment by crediting the corresponding expenses in the consolidated statement of comprehensive income. The amount of work performed by the Group for property, plant and equipment in 2017 and 2016 amounted to 50,365 and 41,813 thousand euros, respectively.

7.3 Assets subject to guarantees

Several property, plant and equipment items, whose net value as of December 31, 2017 and 2016 was 9,509 thousand and 11,442 thousand euros, respectively, were used as guarantee for mortgage loan debts.

7.4 Assets subject to charges and limitations

All assets are unrestricted, except for assets subject to guarantees indicated in Note 7.3 and those acquired through financial lease contracts, whose net book value amounted to 6,551 thousand euros at December 31, 2017 (9,149 thousand euros at December 31, 2016).

7.5 Property, plant and equipment located abroad

The net value of property, plant and equipment located abroad was 296,946 thousand euros at December 31, 2017 (2016: 337,971 thousand euros).

7.6 Investment commitments

At December 31, 2017 firm investment commitments amount to 4,985 thousand euros (4,046 thousand euros at December 31, 2016).

8. INVESTMENTS IN ASSOCIATES

This caption includes the following investments:

2017

(Thousands of euros)	Carrying amount of the investment	Assets	Liabilities	Operating revenue	Profit/(loss) for the year
AOG, S.R.L.	21,498	20,389	(8,944)	82,791	2,000
Binbaires, S.A.	12,919	11,550	(5,644)	40,028	6,910
Montecarlo Andalucía, S.L.	4,764	2,285	(464)	22,805	1,611
Sportium Apuestas Deportivas, S.A. and Subsidiaries	10,410	39,616	(16,515)	376,648	2,329
Other and write-offs	8,229	24,645	(18,477)	49,475	(468)
	57,820				

2016

(Thousands of euros)	Carrying amount of the investment	Assets	Liabilities	Operating revenue	Profit/(loss) for the year
AOG, S.R.L.	25,068	59,679	(9,543)	86,087	1,775
Binbaires, S.A.	11,043	38,731	(5,570)	32,151	5,405
Montecarlo Andalucía, S.L.	3,974	8,222	(274)	22,582	1,492
Sportium Apuestas Deportivas, S.A. and subsidiaries	8,934	32,543	(14,675)	30,580	1,851
Competiciones Deportivas, S.L.	1,657	3,440	(127)	-	-
Other and write-offs	5,821	25,733	(18,219)	93,929	501
	56,497				

Associates consolidated using the equity method had no contingent liabilities or capital commitments at December 31, 2016 and 2017.

The variation for the year of the caption "Investments in associates" is as follows:

(Thousands of euros)	2017	2016
Balance at January 1	56,497	75,717
Share in profit (loss) for the year and write offs	1,619	(3,867)
Other changes	(296)	(15,353)
Balance at December 31	**57,820**	**56,497**

In 2017 impairment losses (write-downs) amount to 4,300 thousand euros, as indicated in Note 10.

"Oher changes" in 2016 included the derecognition deriving from the business combinations of the year, the sale of companies, exchange differences and dividends received from companies consolidated using the equity method.

Transactions in 2017 and 2016 between the companies mentioned above and other companies consolidated using the full and/or proportional consolidation methods are irrelevant.

9. FINANCIAL ASSETS

This caption is composed by the following balances:

(Thousands of euros)	2017 Non-current	2017 Current	2017 Total	2016 Non-current	2016 Current	2016 Total
Loans and receivables						
Nortia Business Corporation, S.L.	74,809	-	74,809	71,863	-	71,863
Loans to jointly-controlled companies and associates	2,435	7,561	9,996	3,260	6,120	9,380
Loans to third parties	26,193	-	26,193	28,073	-	28,073
Deposits and guarantees	8,347	44,688	53,035	8,026	42,432	50,458
Fixed-income securities and deposits	-	14,413	14,413	-	22,941	22,941
Trade and other receivables	-	214,404	214,404	-	220,081	220,081
Other	2,042	7,204	9,246	2,477	5,309	7,786
	113,826	288,270	402,096	113,699	296,883	410,582
Impairment losses	(601)	(39,062)	(39,663)	(652)	(39,107)	(39,759)
	113,225	**249,208**	**362,433**	**113,047**	**257,776**	**370,823**

The Group estimates that fair values of these assets do not differ significantly from the recorded amounts.

The accumulated balance of impairment losses on non-current financial assets mainly corresponds to loans to third parties, while impairment losses on current financial assets mainly corresponds to trade and other receivables (36,272 and 38,021 thousand euros at December 31, 2017 and 2016, respectively). The remainder of the balance amounting to 2,790 thousand euros corresponds to impairment losses on current financial investments.

9.1 Loans and receivables

Nortia Business Corporation, S.L.

The non-current debtor balance of Nortia Business Corporation, S.L. includes the following entries:

(Thousands of euros)	2017	2016
Loan maturing in 2021, at 5.75% interest rate	31,381	31,381
Long-term promissory notes from the sale of assets, discounted at 5% interest rate	2,558	2,308
Accrued interests	40,870	38,174
	74,809	**71,863**

At December 31, 2017 and 2016 the carrying amount of this loan was similar to its fair value.

Credits to jointly-controlled companies and associates

This caption is broken down as follows (*):

(Thousands of euros)	2017	2016
Current accounts with jointly-controlled companies and associates	9,386	8,216
Other	610	1,164
	9,996	**9,380**

(*) Receivable balances from jointly-controlled companies shown above are the remaining balances after the eliminations derived from the consolidation process.

The maturity date of these assets is as follows:

(Thousands of euros)	2017	2016
Within one year	7,561	6,120
Between one and two years	608	815
Between two and three years	609	815
Between three and four years	609	815
Between four and five years	609	815
	9,996	**9,380**

The average interest rate of these assets in 2017 and 2016 was 5.82%

Loans to third parties

The breakdown of non-current loans to third parties is as follows:

(Thousands of euros)	2017	2016
Mortgage loan in US dollars to a company that owns a hotel in Dominican Republic where a casino operated by the Group is located. It earns an annual interest of 7.25%	249	546
Receivable accounts from the industrial division	2,446	2,133
Deferred collection for the sale of a non-controlling interest in an Italian company of the operational division	972	1,561
Deferred collection for the sale of a non-controlling interest in a Spanish company of the operational division	2,690	3,490
Current accounts with third parties for Group purposes, at a floating interest rate of Euribor plus 1% with a minimum of 2%	9,198	8,651
Other	10,638	11,692
	26,193	**28,073**

The breakdown of maturity dates for non-current loans to third parties is as follows:

(Thousands of euros)	2017	2016
Between one and two years	10,774	11,580
Between two and three years	4,416	2,676
Between three and four years	1,594	3,637
Between four and five years	-	1,529
More than five years	211	-
Indefinite	9,198	8,651
	26,193	**28,073**

The balances with indefinite maturity relate to current accounts with third parties and accrue a floating interest rate (Euribor plus 1% with a minimum of 2%). The current accounts are recorded as non-current financial assets since the Directors of the Company consider that they will be collected in more than 12 months, and they have powers of decision in this regard.

Trade and other receivables

This caption is broken down as follows:

(Thousands of euros)	2017	2016
Trade receivables	61,164	53,203
Impairment losses	(36,272)	(38,021)
Other related parties	618	648
Receivables from Public administrations	26,186	28,600
Other receivables	126,436	137,631
	178,132	**182,061**

Receivables from *Public administrations* mainly correspond to payments on account of income tax, VAT and other tax receivables.

The balance of *Trade and other receivables* is shown net of impairment loss. The movements in the impairment loss allowance are as follows:

(Thousands of euros)	2017	2016
Balance at January 1	39,106	33,613
Net charge for the year	2,703	5,232
Utilized	(3,512)	(4,406)
Additions of companies	765	4,667
Balance at December 31	**39,062**	**39,106**

The Group has established credit periods between 90 and 150 days, while the average collection period is approximately of 120 days at December 31, 2017 (120 days at December 31, 2016).

10. IMPAIRMENT TEST

10.1 Goodwill

Cash-generating units

Goodwill acquired through business combinations and intangible assets with indefinite useful lives have been attributed to cash-generating units for impairment test. The breakdown of cash-generating units is as follows:

- Industrial companies, as a whole
- Each regional branch of slot machines
- Each group of bingos jointly acquired
- Each casino managed individually
- Each differentiated interactive activity

Key assumptions

- Budgeted gross margins - to determine the value assigned to the budgeted gross margins, the average gross margin achieved in the year immediately preceding the year budgeted is used, increased by the expected efficiency improvements. The period used in these projections is 5 years. From the fifth year the figures are extrapolated using a growth rate similar to expected inflation.

- Increase in costs - to determine the value assigned to the increase in prices, the price index expected during the year for each country where the Group operates is used. The values assigned to key assumptions are consistent with respect to external sources of information.

- The discount rate applied to projected cash flows is determined by the specific risk of each cash-generating unit, taking into account the type of activity and country where it is located. The following chart shows the discount rates used based on business and geographic area for the CGUs with significant goodwill associated to them.

Country	Activity	Discount rate (before tax)
Spain	Gaming	9.80%-11.37%
Spain	Industrial	9.80%-11.37%
Spain	Interactive	9.80%-11.37%
Italy	Gaming	9.98%-11.20%
Peru	Gaming	9.53%-13.33%
Colombia	Gaming	12.69%-14.69%
Mexico	Gaming	13.21%-15.21%

Test results

Based on the tests performed, impairment adjustments on goodwill were recorded in 2017 for an amount of 5,781 thousand euros, mainly due to more prudent estimates of future cash flows in Cirsagest, S.p.a., with an estimated impact of 5,000 thousand euros, as well as a lesser impact in the estimates of the cash flows from a bingo hall, Tefle, S.A. Additionally, an impairment loss has been recorded on the investment in the company AOG (an associated consolidated using the equity method) for an amount of 4,300 thousand euros.

In 2016 impairment adjustments to goodwill were recorded for an amount of 9,013 thousand euros basically due to the reduction in the estimates of future cash flows for the casinos in Lima (Peru) amounting to 6,563 thousand euros, as well as due to a lesser impact on the estimates of future cash flows in Cirsagest, S.p.a. for an amount of 2,450 thousand euros.

The breakdown of the recoverable amounts of the CGUs for which, during 2017 and 2016, an impairment loss on related goodwill has been recognized is as follows:

2017

(Thousands of euros)		Impairment loss	
CGU	Recoverable amount of the CGU	On goodwill	On other assets
Tefle, S.A.	-	781	502
Cirsagest, S.P.A.	21,874	5,000	-
Impairment loss recognized		**5,781**	**502**

2016

(Thousands of euros)		Impairment loss	
CGU	Recoverable amount of the CGU	On goodwill	On other assets
Gaming & Services S.A.	-	6,563	6,825
Cirsagest, S.P.A.	24,250	2,450	-
Impairment loss recognized		**9,013**	**6,825**

10.2 Other assets

Impairment indicators used by the Group to determine the need of an impairment test on other non-current assets, amongst others, are as follows:

- Significant drop of the result over the same period in the prior year, and/or over the budget.
- Legislative changes in progress or planned, which could lead to negative effects.
- Change of strategy or internal expectations regarding a particular business or country.
- Position of competitors and their launches of new products.
- Slowdown of income or difficulties in selling at expected prices.
- Change in habits and attitudes of users, and other elements specific to each division.

As indicated in Note 10.1, during the year impairment losses amounting to 502 thousand euros have been recorded (impairment fully corresponds to property, plant and equipment of Tefle, S.A.), as well as 628 thousand euros in another Spanish bingo hall. During 2016, as a result of the tests performed, impairment losses were recognized amounting to 6,825 thousand euros (fully corresponding to the casinos in Lima).

11. INTERESTS IN JOINT OPERATIONS AND JOINTLY CONTROLLED COMPANIES

Jointly controlled companies have been accounted for in the consolidated financial statements using the equity method. However, the Argentinean joint operations (temporary joint venture CBA-CIESA and temporary joint venture CBA-Magic Star), have been accounted for in accordance with Note 2.5.

The information on these companies is detailed in Appendix.

Other relevant information related to the joint operations is detailed in the following table:

(Thousands of euros)	Data affected by % of ownership interest	
	2017	2016
Non-current assets	7,360	9,578
Current assets	151,291	174,862
Non-current liabilities	(19,760)	(25,441)
Current liabilities	(14,771)	(15,066)
Operating revenues	127,174	110,205
Expenses	(108,016)	(108,041)
Net profit for the year	19,158	2,164

Additionally, at December 31, 2017 the overall amount of assets, operating revenues and profit after tax of the jointly controlled companies amount to 192,390, 192,557 and 18,363 thousand euros, respectively (174,160, 183,447 and 15,528 thousand euros, respectively, at December 31, 2016).

12. INVENTORIES

The breakdown of inventories by category, net of impairment, is as follows:

(Thousands of euros)	2017	2016
Raw and auxiliary materials	3,888	3,648
Spare parts and other	7,746	6,478
Finished products	689	232
Work in progress	3,353	3,010
Prepayments to suppliers	2,077	1,951
	17,753	15,319

Inventories correspond mainly to the manufacture and trade of slot machines carried out by Group companies.

The balance of inventories is shown net of impairment loss. Movements in the impairment loss allowance are as follows:

(Thousands of euros)	2017	2016
Balance at January 1	1,164	1,141
Net charge for the year	747	472
Write-off	(766)	(449)
Balance at December 31	**1,145**	**1,164**

The write-off in 2017 and 2016 corresponds to the destruction of several inventories from the industrial division.

13. CASH AND CASH EQUIVALENTS

For consolidated cash-flow statement purposes, cash and cash equivalents include the following items:

(Thousands of euros)	2017	2016
Cash	15,000	13,722
Current accounts	164,043	154,846
Deposits under 3 months	2,176	5,489
	181,219	174,057

These assets are unrestricted and earn market interest rates.

14. EQUITY

14.1 Share capital

At December 31, 2017 and 2016 the Company's share capital consisted of 122,887,121 shares with a par value of 0.20 euros each. All shares bear the same political and economic rights.

The breakdown of the Company's shareholders and their equity interest at December 31 is as follows:

	2017	2016
Nortia Business Corporation, S.L., company belonging to Mr. Manuel Lao Hernández and his family	52.43%	52.43%
Mr. Manuel Lao Hernández	46.65%	46.65%
Treasury shares	0.92%	0.92%
	100.00%	100.00%

Part of the Company's shares (26.04% at December 31, 2017 and 2016) and shares of several subsidiaries are pledged in favor of Institut Català de Finances as a guarantee for a loan granted to Nortia Business Corporation S.L., main shareholder of the Company.

14.2 Treasury shares

At December 31, 2017 and 2016, the Parent Company has 1,131,421 treasury shares at an average cost of 0.1626 each, which are shown reducing the Group's net equity.

14.3 Retained earnings

The balance of this caption includes reserves of the Parent Company, which are non-distributable.

Legal reserve

In accordance with the Spanish Corporate Enterprises Act, Spanish companies obtaining profit will assign 10% of profit to the legal reserve, until its balance is equivalent to at least 20% of share capital. As long as it does not exceed this limit, the legal reserve can only be used to offset losses if no other reserves are available. This reserve can also be used to increase capital by the amount exceeding 10% of the new capital after the increase.

At December 31, 2017 and 2016 the Parent Company's legal reserve amounted to 4,915 thousand euros.

Additionally, the Group Spanish subsidiaries have provided the legal reserves at the amount required by the prevailing legislation.

Treasury shares reserve

As indicated in Note 14.2 above, the Parent Company acquired treasury shares. In accordance with prevailing mercantile legislation, the Group has provided the corresponding non-distributable reserve by the amount of treasury shares, maintained until sold or amortized.

14.4 Non-controlling interests

The balances related to non-controlling interests are as follows:

(Thousands of euros)	Balance in statement of financial position 2017	2016	Share in profit 2017	2016
Division				
Casinos	145,004	155,602	20,762	19,954
Slots	78,020	82,747	2,092	(1,974)
B2B	3,096	2,801	296	238
Bingos	10,559	9,804	2,535	2,056
	236,679	**250,954**	**25,685**	**20,274**

The inter-annual variation of balances in the consolidated statement of financial position is as follows:

(Thousands of euros)	2017	2016
Balance at January 1	250,954	246,852
Share in profit for the year	25,685	20,274
Translation differences	(8,340)	(1,823)
Additions for acquisition / creation of companies, changes in consolidation methods or changes in the % of ownership in companies consolidated under the full consolidation method (Note 4.1)	1,117	16,722
Dividends paid	(32,737)	(31,071)
Balance at December 31	**236,679**	**250,954**

15. BONDS

At December 31, 2014 this caption basically referred to the issue of bonds by a group company located in Luxembourg carried out in 2010 and subsequent extensions thereto amounting to a nominal of 900 million euros. These bonds were listed on the Luxembourg Stock Exchange, accruing an annual interest of 8.75% paid every six months, and maturing in 2018. Additionally, in April 2015 the same company domiciled in Luxembourg made an issue for an overall amount of 500 million euros below par, at a 99.211% price. These bonds, which accrue an annual interest of 5.878% paid every six months and mature in 2023, were partially used for early redemption of a portion of the bonds commented above for a par value of 450 million euros.

Notwithstanding the abovementioned, in April 2016, the same company domiciled in Luxembourg made an issue for an overall amount of 450 million euros below par, at a 99.456%. These bonds, which accrue an annual interest of 5.75% paid every six months and mature in 2021, were used for early redemption of the remaining bonds mentioned in the first paragraph above for a par value of 450 million euros.

Consequently, at December 31, 2017 the Group has issued bonds for a par value of 450 million euros maturing in 2021 and bonds for a par value of 500 million euros maturing in 2023.

Contracts subscribed in relation to the bonds issued by the subsidiaries in Luxembourg regulate certain obligations and commitments by the Group, which include, among others, the supply of periodic information, the maintenance of titles of ownership in subsidiaries, the restriction on disposal of significant assets, the compliance with certain debt ratios, the limitation on payment of dividends, the limitation on starting-up new businesses, and the restriction on the Group granting guarantees and endorsements to third parties. The Parent Company's Directors consider that all contractual obligations have been met. The shares of several Group companies have been assigned as security for these liabilities.

At December 31, 2017 the quoted price of the bonds recognized in the liabilities side of the balance sheet maturing in 2021 was 103.78% of their par value (106.25% at 2016 year end) and 104% of their par value for the bonds maturing in 2023 (105.96% in 2016).

16. BANK BORROWINGS

The breakdown of bank borrowings at December 31, 2017 and 2016 is as follows:

	2017			2016		
(Thousands of euros)	Non-current	Current	Total	Non-current	Current	Total
Mortgage and pledge loans	12,271	2,337	14,608	14,716	7,817	22,533
Other loans	21,454	50,372	71,826	55,484	24,172	79,656
Financial lease agreements (Note 20.2)	2,202	3,854	6,056	4,175	4,839	9,014
Credit and discount lines	2,000	12,707	14,707	4,000	12,500	16,500
	37,927	**69,270**	**107,197**	**78,375**	**49,328**	**127,703**

Average interest rates accrued by these borrowings are as follows:

	%	
	2017	**2016**
Loans	2.73%	3.90%
Financial lease agreements	7.39%	7.11%
Credit and discount lines	2.23%	2.66%

The annual maturity date of these liabilities is as follows:

(Thousands of euros)	2017	2016
Within one year	69,270	49,328
Between one and two years	17,238	51,383
Between two and three years	9,704	13,240
Between three and four years	5,648	6,113
Between four and five years	3,076	3,179
More than five years	2,261	4,460
	107,197	**127,703**

At December 31, 2017 part of these liabilities, equal to 5,947 thousand euros is denominated in U.S. dollars (11,035 thousand euros at December 31, 2016).

At December 31, 2017, the shares of several subsidiaries were pledged in favor of Deutsche Bank London AG as a security for the credit line, whose utilization limit amounted to 75 million euros (75 million euros at December 31, 2016). At December 31, 2017 and 2016 the Group has not drawn down any balance of this credit line.

At December 31, 2017 the undrawn amount of credit and discount lines is 11,135 and 3,601 thousand euros, respectively, without considering the credit line commented in the paragraph above. These figures amounted to 18,086 and 1,721 thousand euros, respectively, at 2016 year end.

Finally, at December 31, 2017 and 2016 the guarantees given by credit institutions and insurance companies to the Group, in connection with official gaming concessions and licenses were 124,453 and 121,451 thousand euros, respectively.

17. OTHER CREDITORS

The breakdown of this caption is as follows:

	2017			2016		
(Thousands of euros)	Non-current	Current	Total	Non-current	Current	Total
Public administrations	25,353	87,945	113,298	38,284	89,256	127,540
Bills payable	730	3,744	4,474	272	2,928	3,200
Sundry creditors	37,487	117,237	154,724	30,157	96,616	126,773
	63,570	**208,926**	**272,496**	**68,713**	**188,800**	**257,513**

At 2017 and 2016 year end the non-current portion of liabilities with Public administrations referred mainly to the effect of the voluntary adherence to the payment standstill in relation to the tax on gross revenues in the Argentinean companies CBA and CBA-CIESA UTE (Note 23). The current portion corresponds to gaming taxes with a short-term maturity (2017: 40,568 thousand euros, 2016: 39,036 thousand euros), personal income tax, VAT, social security contributions and similar concepts pending to be filed.

Bills payable correspond mainly to debts arising from the acquisition of companies and operations of slot machines with deferred payment, discounted at market interest rate.

The caption *Non-current sundry creditors* mainly includes:

- Asset suppliers amounting to 6,994 thousand euros (5,754 thousand euros at prior year end).
- Non-current payable amount related to certain investments in Panama. At December 2017 the company paid the last installment of the debt incurred in January 2014 and that matured on that date, although there is a payable balance related to an investment agreement amounting to 6,075 thousand euros. The debt derived from this investment will be settled through 239 equal monthly instalments of 71 thousand dollars, including interest, the first payment being in February 2018 until February 2038.

  At December 31, 2017 the payable amount classified as non-current amounts to 5,669 thousand euros.
- Several payables for ordinary transactions amounting to 12,763 thousand euros, with an undetermined maturity (12,674 thousand euros at prior year end).
- Non-current payable amount related to the acquisition of companies in Peru and Spain at year end amounting to 7,530 thousand euros and 1,841 thousand euros, respectively.

The caption *Current sundry creditors* mainly includes:

- Asset suppliers amounting to 30,063 thousand euros (28,670 thousand euros at prior year end).
- Payables for the rendering of services amounting to 22,982 thousand euros (21,443 thousand euros at December 31, 2016).
- Current borrowings amounting to 18,076 thousand euros (4,048 thousand euros at prior year end), notably including the payable portion in 2018 for the investments in Peru and Spain mentioned above.
- Employee benefits payable amounting to 33,280 thousand euros (2016: 33,377 thousand euros) (Note 21.1).

18. PROVISIONS

The breakdown of this caption is as follows:

(Thousands of euros)	2017	2016
Obligations in relation to employees	11,041	9,172
Tax contingencies	4,208	10,111
Other	3,147	3,748
Balance at December 31	**18,396**	**23,031**

The amount recognized in *Obligations in relation to employees* mainly consists of probable contingencies with the personnel in Italy, the bonus plan for the Group's executives, and retirement incentives.

The amount recognized at December 31, 2017 as "Tax contingencies" mainly relates to certain liabilities in Mexico amounting to 2,904 thousand euros (2016: 3,155 and 5,921 thousand euros in Mexico and Panama at prior year end).

At December 31, 2017 and 2016 the amount shown under the caption *Others* mainly consisted of provisions for several risks, fines and labor trials that are individually irrelevant.

The inter-annual variation of the balance is as follows:

(Thousands of euros)	2017	2016
Balance at January 1	23,031	28,842
Net charge for the year	9,694	6,439
Provisions utilized	(13,022)	(5,353)
Reclassifications to short term	-	(6,897)
Additions due to sale of companies	30	-
Exchange gains (losses)	(1,337)	-
Balance at December 31	**18,396**	**23,031**

19. TAXES

19.1 Tax Group

The Parent Company, together with 72 Spanish group companies, which comply with tax legislation requirements, files tax returns on a consolidated basis. Additionally, there is another Spanish consolidated tax group in Spain, comprising 7 companies, of which the subsidiary Orlando Play, S.A. is the parent.

The other Group companies file income tax returns separately in accordance with applicable tax legislation.

19.2 Accrued and payable income tax

The income tax expense in the consolidated statement of comprehensive income is broken down as follows:

(Thousands of euros)	2017	2016
Current	57,124	36,528
Deferred for (increase) decrease in tax loss carryforwards capitalized and tax credits	215	10,154
Deferred for temporary differences	4,194	7,470
Adjustment in the Mexican income tax for the prior year	-	295
Other	318	(2,191)
	61,851	**52,256**

The breakdown of current income tax payable is as follows:

(Thousands of euros)	2017	2016
Current income tax	57,124	36,528
Withholdings and payments on account	(41,815)	(22,881)
	15,309	**13,647**

19.3 Analysis of income tax expense

(Thousands of euros)	2017	2016
Profit before tax	158,364	75,794
Tax rate prevailing in Spain	25%	25%
Theoretical income tax expense	39,591	18,949
Adjustments – Effect of:		
Different tax rates prevailing in other countries	14,178	7,371
Changes in the general tax rate in Spain (Note 19.4)	-	12
Countries with no income taxation and/or compensation of tax losses	(882)	(850)
Impairment losses on assets and goodwill solely for consolidation purposes	2,520	3,960
Cancelled (recognized) prior years' deferred tax assets from the tax group whose parent is Cirsa Gaming Corporation, S.A.	-	8,973
Utilization of uncapitalized tax credits and deductions in prior years	(3,953)	(2,080)
Translation differences deductible / taxable for tax purposes	-	1,698
Revaluation of previous investments in business combinations	-	1,590
Limitation on the deductibility of financial expenses in Spanish companies that will not be recovered	2,687	6,876
Other non-deductible expenses and other	7,710	5,757
	61,851	**52,256**

At December 31, 2017 and 2016 the effect of corrections in different tax rates mainly corresponds to the higher taxes applied in Argentina, Mexico and Colombia.

In 2016 deferred tax assets arisen in prior years in the tax consolidated Group, of which Cirsa Gaming Corporation, S.A. is the parent, were derecognized or accrued for for an amount below 9 million euros as a result of the approval of Royal Decree Law 3/2016, which restricted, among others, the utilization of future taxable profit to 25%, thus mitigating all improvements and increases expected in the future cash flows of the tax consolidation group.

The impact of assets impairment merely for consolidation purposes basically relates to the prevailing tax rate applicable to the impairment of goodwill and other assets in Spain amounting to 10 million euros (15.8 million euros at December 31, 2016).

At December 31, 2017 and 2016 non-deductible expenses mainly consist of financial investment impairment allowances carried out by subsidiaries in Latin American countries.

19.4 Deferred tax assets and liabilities

(Thousands of euros)	2017	2016
Assets		
Tax loss carryforwards from the tax group whose parent is Cirsa Gaming Corporation	28,272	29,210
Tax loss carryforwards from the tax group whose parent is Orlando Play, S.A.	606	884
Tax loss carryforwards from other group companies	8,274	15,960
Deductible temporary differences:		
--- Impaired receivables	575	818
--- Impaired securities portfolio	2	2
--- Goodwill impaired in individual books	737	980
--- Intragroup margin write-off	5,189	5,759
--- Non-accounting impairment for tax purposes	4,131	6,970
--- Non-deductible amortization for accounting purposes	1,206	1,967
--- Other	7,548	13,238
	56,540	**75,788**
Liabilities		
Taxable temporary differences:		
--- Provision for maximum gaming prizes	(7,803)	(8,878)
--- Difference between tax depreciation and accounting depreciation	(511)	(582)
--- Non-accounting impairment for tax purposes	(5,683)	(8,461)
--- Margin write-offs	(2,297)	(2,330)
--- Business combinations (Initial statement of non-current assets at fair value)	(96,041)	(105,721)
--- Other	(8,886)	(4,668)
	(121,221)	**(130,640)**

The Group estimates the taxable profits which it expects to obtain within the utilization period based on budgeted projections. It also analyzes the reversal period of taxable temporary differences, identifying those that reverse in the years in which unused tax loss carryforwards may be used, considering the application of the Royal Decree-Law mentioned above. Based on this analysis, the Group has recorded deferred tax assets for unused tax loss carryforwards as well as deductions pending application and deductible temporary differences for which it is considered probable that sufficient taxable profit will be generated in the future against which they can be utilized within a reasonable period of time.

The breakdown of unused tax losses carryforwards at December 31, 2017 for the two tax groups whose parent companies are, respectively, the Parent Company and the subsidiary Orlando Play, S.A., is as follows:

(Thousands of euros)	Taxable basis	
Arising in	Tax group whose parent is the Parent Company	Tax group whose parent is Orlando Play, S.A.
1999	410	-
2000	272	-
2001	10,342	-
2002	1,889	-
2003	9,812	-
2004	13,853	-
2005	34,278	-
2006	2,064	937
2007	14,265	396
2008	1,891	372
2009	9,862	1,319
2010	17,349	-
2011	40,181	-
2012	11,656	-
2013	3,430	-
2014	25,886	-
2015	229	1,787
2016	111	908
2017	-	-

Tax group whose parent is the Company

At December 31, 2017 and 2016 the said tax group recognized deferred tax assets amounting to 28,272 and 29,210 thousand euros, respectively, relating to unused tax loss carryforwards of the tax group. No deferred tax assets were recorded for the rest of unused tax losses carryforwards (which at December 31, 2017 amount to 21,173 thousand euros; 23,050 thousand euros at December 31, 2016), since their future application is uncertain within a reasonable period of time.

In addition to tax loss carryforwards, the tax group whose parent is the Parent Company holds additional tax credits amounting to 55,463 thousand euros at December 31, 2017 (2016: 55,613 thousand euros), for unused tax deductions that were not capitalized for not having met the terms to be used.

(Thousands of euros)	
Last year for utilization	Unused deductions at December 31, 2017
2016	1,876
2017	1,035
2018	3,521
2019	2,677
2020	6,591
2021	865
2022	904
2023	1,290
2024	1,096
2025	503
2026	1,765
2027	771
2028	255
2029	284
2030	268
2031	228
2032	188
2033	192
No time limit for their utilization	31,152

Tax group whose parent is Orlando Play, S.A.

In 2010 the tax group whose parent is Orlando Play, S.A. was constituted.

At December 31, 2017 the Group had recognized deferred tax assets amounting to 606 thousand euros (884 thousand euros at prior year end) corresponding to unused tax loss carryforwards.

Additionally, the said tax group has deferred tax assets related to unused tax loss carryforwards and unused tax credits amounting to 756 and 760 thousand euros, respectively (546 and 734 thousand euros, respectively, in the prior year) for which the deferred tax assets have not been recognized, since the requirements established by the applicable framework for financial information are not met.

19.5 Other tax information

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by tax authorities or until the inspection period has expired. At December 31, 2017 Spanish companies (which mostly file taxes under a consolidated tax group) were open to inspection for all taxes to which they are liable for the last four years. Note 30 "Events after the balance sheet date" provides further information on this matter. In general, the prescription periods for countries where the Group has significant presence are between four and five years after the end of the statutory period for filing tax returns.

20. LEASES

20.1 Operating leases

The Group has leases on several buildings for an average term between three and five years, with no renewal clauses.

The future minimum payments under non-cancellable operating leases at December 31 are as follows:

(Thousands of euros)	2017	2016
Within one year	81,354	74,476
Between one and five years	350,565	320,928
More than 5 years	94,312	86,338
	526,231	**481,742**

20.2 Finance leases

The Group has financed several acquisitions of property, plant and equipment (mainly slot machines) through financial lease agreements. The future minimum payments under financial leases and their present value are as follows:

	2017		2016	
(Thousands of euros)	Minimum payments	Present value of payments (Note 16)	Minimum payments	Present value of payments (Note 16)
Within one year	4,818	3,854	6,048	4,839
Between one and five years	3,457	2,202	6,554	4,175
	8,275	**6,056**	**12,602**	**9,014**

Acquisition of property, plant and equipment through financial lease agreements, not recorded as cash flows in investing activities in the consolidated statements of cash flows, amounted to 3,062 thousand euros in 2017 and 5,449 thousand euros in 2016.

21. INCOME AND EXPENSES

21.1 Personnel

(Thousands of euros)	2017	2016
Wages and salaries	235,762	219,013
Social security	57,518	53,025
Indemnities	5,699	5,721
Other personnel expenses	13,668	13,251
	312,647	**291,010**

Remunerations pending payment at year end of 2017 and 2016 (33,280 and 33,377 thousand euros, respectively) are recognized in the caption *Other creditors* (Note 17).

The breakdown of the average headcount by professional category and gender is as follows:

	2017			
	Men	Women	Total	Average number of employees with a disability greater than 33% over total headcount in the year
Executives	397	113	510	2
Technicians, production and sales staff	6,941	6,041	12,982	33
Administrative personnel	1,166	1,003	2,169	16
	8,504	**7,157**	**15,661**	**51**

	2016			
	Men	Women	Total	Average number of employees with a disability greater than 33% over total headcount in the year
Executives	373	138	511	2
Technicians, production and sales staff	7,092	5,395	12,487	58
Administrative personnel	932	755	1,687	23
	8,397	**6,288**	**14,685**	**83**

The headcount at December 31, 2017 and 2016 by category and gender does not significantly differ from the breakdown shown in the table above regarding the average headcount for those years.

21.2 Supplies and external services

(Thousands of euros)	2017	2016
Rent and royalties	87,443	83,397
Advertising, promotion and public relations	47,400	45,912
Professional services	26,328	22,937
Sundry services	18,482	19,053
Supplies	32,462	29,371
Travel expenses	11,872	12,801
Repair and maintenance	23,932	22,991
Security	10,744	9,227
Postal services, communications and telephone	10,474	10,507
Insurance premiums	5,805	5,747
Cleaning services	8,377	7,957
Bank services and similar	9,725	8,006
Transportation	3,100	3,069
Research and development expenses (Note 6.2)	41	103
	296,185	**281,078**

21.3 Exchange gains/(losses)

(Thousands of euros)	2017	2016
Gains	42,298	19,127
Losses	(40,617)	(20,656)
	1,681	**(1,529)**

Net exchange gains/(losses) from translation of financial balances in foreign currency between Group companies are recognized in *Translation differences*, as a component that decreases the shareholders' equity at December 31, 2017 by 8,513 thousand euros (2016: it decreased the shareholders' equity by 6,793 thousand euros), since they are considered as exchange gains/(losses) arising from monetary components of a net investment in a foreign business.

22. RELATED PARTIES

The Group conducts several trade and financial transactions with its main shareholder Nortia Business Corporation, S.L., and its subsidiaries, which are broken down as follows:

(Thousands of euros)	2017	2016
Sale of slot machines	16	75
Revenues from the rendering of services	1,095	1,051
Operating expenses	(10,404)	(10,316)
Interest income	2,103	3,236
Interest expenses	(8)	(134)

Transactions with related entities correspond to Group normal trading activity and are carried out at market prices in a manner similar to transactions with unrelated parties.

Accounts receivable derived from these transactions at year end are described in Note 9.

Accounts payable from trade transactions amount to 791 and 1,108 thousand euros at December 31, 2017 and 2016, respectively, and are included in *Trade Payables*.

23. CONTINGENCIES

Argentina

In October 1999, an Argentinean group company opened a floating casino in waters of Río de la Plata on the basis of an official license granted by the Federal Authorities. The Government of the Autonomous City of Buenos Aires (GCABA) challenged the competence of the Federal Authorities ("Lotería Nacional, SE") in gaming matters. In particular, it claimed that gaming activities fell under its jurisdiction in the City of Buenos Aires, and hence, raised objections against the license granted to the subsidiary Casino Buenos Aires, S.A. (CBA).

These circumstances led to a co-participation agreement for gaming matters that was signed between the Federal Authorities (LNSE) and the Government of the Autonomous City of Buenos Aires. Conveniently, this agreement was ratified by Decree 1155/2003 of PEN, dated December 1, 2003 (B.O. 02/12/2003) and Law 1,182 of the Legislation of the Government of the Autonomous City of Buenos Aires, dated November 13, 2003 (BOCBA 01/12/2003). The agreement matured four years after, but it was renewed since there was a clause that stated that if neither party –the City or the State- notified the other to the contrary, it would be renewed automatically for four more years.

Despite the abovementioned agreement, the Government of the Autonomous City of Buenos Aires continued to request CBA to pay the tax on gross revenues from the activity carried out by the Group since 1999 as operator of an Argentinean floating casino in waters of Río de la Plata. This fact prompted CBA to request precautionary measures against the Government of the Autonomous City of Buenos Aires to stop the latter from conducting any action to collect taxes on gross revenues derived from the floating casino's turnover. The last precautionary measures requested by CBA were accepted by the Federal Authorities in November 2011. The Government of the Autonomous City of Buenos Aires lodged an appeal against the abovementioned precautionary measures.

Subsequently, on November 1, 2013, the GCABA summoned the blocks of Buenos Aires legislation to find a way to start receiving the said tax on gross revenues. On December 4, 2013 the LNSE and the GCABA signed an addendum to the agreement (hereinafter "the addendum"). Among others, the addendum established that the CBA would pay a special monthly supplementary charge of 3% (three per cent) over the income from slot machines and casino card games after certain deductions (rather than over gross revenues). In accordance with the addendum, the special charge started to accrue as of January 1, 2014, payable in monthly instalments in the following month, and the payment was subject to compliance with certain conditions, which most notably include:

- The receipt of the abovementioned charge entailed the extinguishment of the claims or credits related to the payment of the tax on gross revenues by the GCABA.
- CBA reserves the inalienable and irrevocable right to render ineffective and automatically interrupt the payment of such special supplementary charge should the GCABA intend to claim the payment of the tax on gross revenues.

Although the addendum was pending final approval by the National Executive Authority, on December 15, 2014 the Group paid an amount of 23.4 million pesos to the LNSE. Additionally, from January to April 2015 it paid approximately 8.4 million pesos.

Despite the addendum, on May 22, 2015 the GCBA notified the LNSE of the intention of not extending the agreement. In light of this, CBA notified the LNSE of the decision to discontinue the payment of the special charge and compensate the balances paid from January 2014 to April 2015, which was resolved favorably by the LNSE on July 1, 2015.

On June 2, 2016 Decree 743/16 was enacted, whereby the members designated by the LNSE are instructed to agree within 120 days on a work schedule, together with the members designated by the Gaming Institute of Buenos Aires, to enhance the competences assumed in this matter by the City of Buenos Aires. Consequently, and in accordance with said Decree, the authority responsible for awarding the concession, LNSE, required CBA-CIESA UTE to pay the tax on gross revenues derived from the gaming operation at a 12% rate and to adjust the non-expired periods, under written warning of terminating the concession.

Considering the new legal framework, on October 21, 2016, within the framework of Law Nº 27.260 exceptional regulations, the Committee of CBA-CIESA UTE resolved to voluntarily adhere to a payment standstill for the periods 2007 to April 2016, owing an amount of 733,184 thousand Argentinean pesos and compensatory interest on the amount payable of 243,177 thousand Argentinean pesos.

Additionally, CBA Management resolved to voluntarily adhere to a payment standstill for the periods 1999 to 2007, owing an amount of 91,582 thousand Argentinean pesos and compensatory interest on the amount payable of 68,686 thousand Argentinean pesos.

At the date of adherence the amount payable and compensatory interest must be cancelled in 90 instalments at a monthly interest rate of 1.8%, after paying 15% as a principal advance.

At December 31, 2017, in accordance with the adherence to the payment standstill and the corresponding debt acknowledgment mentioned above, 2,844 and 25,640 thousand euros have been recorded as current and non-current liabilities in the "Other creditors" caption (2,023 and 30,943 thousand euros at December 31, 2016).

With the adherence to this payment standstill all prior obligations related to the tax on gross revenues are extinguished, and no future claims regarding those periods can be lodged by GCABA and LNSE.

Other

The Group has litigation proceedings, claims and other administrative procedures underway as a result of the normal course of business in the countries where it carries out its activity. However, the Group does not expect that any unprovisioned significant liabilities will arise as a result of the above proceedings.

24. INFORMATION ON ENVIRONMENTAL ISSUES

Given the activities and features of the Group, neither capital expenditures nor expenses took place in connection with the prevention, reduction or damage repair of environmental matters

25. AUDIT FEES

Fees and expenses referred to the audit of the 2017 financial statements of the Group's companies rendered by the main auditors and other firms belonging to the auditor's international network amounted to 1,356 thousand euros in 2017 and 1,492 thousand euros in 2016.

In addition, fees and expenses paid during the year corresponding to other services rendered by the main auditors or other related entities amounted to 65 thousand euros in 2017 and 190 thousand euros in 2016.

26. DIRECTORS AND SENIOR EXECUTIVES

The breakdown of the remuneration earned by members of the Company's Board of Directors and senior executives is as follows:

(Thousands of euros)	2017	2016
Directors		
Salaries	1,514	1,164
Senior executives		
Salaries	5,500	5,200
	7,014	**6,364**

At December 31, 2017 debit balances in current accounts with the Parent Company's Directors were recorded for an overall amount of 1,861 thousand euros. (2016: 1,786 thousand euros). These accounts accrued an annual interest of 4.25%.

The Group companies have no pension plans, life insurance policies or dismissal indemnities for former or current members of the Board of Directors and senior executives of the Company.

Pursuant to article 229 of the Spanish Corporate Enterprises Act, the Directors have informed the Company that there are no situations representing a conflict for the Group.

During 2017 directors' liability insurance premiums for damages arising in the performance of the directors' duties have been paid for an amount of 140 thousand euros.

27. OBJECTIVES AND POLICIES OF FINANCIAL RISK MANAGEMENT

The Group is exposed to credit risk, interest risk, exchange risk and liquidity risk during the normal development of its activities.

The Group's main financial instruments include bonds, bank loans, credit and discount lines, financing obtained through the deferral of gaming taxes, financial leases, deferred payments for purchase of businesses, and cash and current deposits.

The Group's policy establishes that no trading in derivatives (exchange rates insurance) to manage exchange rate risks arising from certain fund sources in U.S. dollars will be undertaken. The Group does not use financial derivatives to cover fluctuations in interest rates, either.

27.1 Credit risk

Most of the operations carried out by the Group are in cash. For receivables from other activities, the Group has established a credit policy and risk exposure in collection is managed in the ordinary course of business. Credit assessments are carried out for all customers who require a limit higher than 60 thousand euros.

Guarantees on loans and the credit risk exposure are shown in Note 9.

27.2 Interest rate risk

External finance is mainly based on the issuance of corporate bonds at fixed interest rate. Bank borrowings (credit policies, trading discounts, financial lease agreements) as well as deferred payments with public administrations and other long-term non-trade debts have a variable interest rate that is reviewed annually. Previous Notes show interest rates of debt instruments.

The breakdown of liabilities that accrue interests at 2017 and 2016 year end is as follows:

(Thousands of euros)	2017 Fixed interest rate	2017 Floating interest rate	2016 Fixed interest rate	2016 Floating interest rate
Bonds	943,151	-	940,044	-
Bank borrowings	-	107,196	-	127,702
Other creditors	-	80,961	-	71,064
	943,151	**188,157**	**940,044**	**198,766**

At December 31, 2017 financial liabilities at a fixed interest rate represented 83% of total liabilities (83% at 2016 year end). In this regard, the Group's sensitivity to fluctuations in interest rates is low: a variation of 100 basis points in floating rates would lead to a change in the result amounting to 1,882 thousand euros in 2017 and 1,988 thousand euros in 2016.

The Group estimates that fair value of the financial liabilities' instruments does not differ significantly from the accounted amounts, except for that indicated in Note 15.

The breakdown of assets that accrue interests at 2017 and 2016 year end is as follows:

(Thousands of euros)	2017 Fixed interest rate	2017 Floating interest rate	2016 Fixed interest rate	2016 Floating interest rate
Nortia Business Corporation, S.L.	74,809	-	71,863	-
Loans to jointly-controlled companies and associates	9,386	610	8,216	1,164
Loans to third parties	6,312	19,881	7,730	20,343
Deposits and guarantees	53,035	-	50,458	-
Fixed-income securities and deposits	14,413	-	22,941	-
	157,955	**20,491**	**161,208**	**21,507**

The Group estimates that the fair value of the assets' financial instruments does not differ significantly from the net book value.

27.3 Foreign currency risk

The Group is exposed to foreign currency risk in businesses located in Latin America, mainly in Argentina, which affect significantly revenues and expenses, Group results and the value of certain assets and liabilities in currencies other than the euro. It is also affected to a lesser extent by granted and received loans. Currencies that basically generate exchange risks are the Argentinean peso and the US dollar.

In order to reduce risks, the Group conducts policies aimed to keep balanced collection and payments in cash of assets and liabilities in foreign currency.

The following study on sensitivity shows the foreign currency risk:

- Sensitivity of the profit for the year before tax against fluctuations of the exchange rate US dollar/euro

Variation	Thousands of euros 2017	Thousands of euros 2016
+ 10%	(5,256)	(4,545)
+ 5%	(2,753)	(2,381)
- 5%	3,043	2,632
- 10%	6,423	5,556

- Sensitivity of the profit for the year before tax against fluctuations of the exchange rate Argentinean peso/euro

	Thousands of euros	
Variation	2017	2016
+ 10%	(4,321)	(678)
+ 5%	(1,799)	(20)
- 5%	4,040	1,504
- 10%	7,447	2,393

These variations correspond basically to the impact on operating magnitudes, and not on financial figures, since approximately 95% of Group financial liabilities are paid in euros (94% at December 31, 2016).

27.4 Liquidity risk

The exposure to unfavorable situations of debt markets can make difficult or prevent from hedging the financial needs required for the appropriate development of Group activities.

At December 31, 2017, the Group shows positive working capital (positive working capital in 2016). This should be read within the context of the Group's activities, which are mostly based on revenues that generate cash every day, resulting in very high cash flows from operations, as observed in the consolidated statement of cash flows. Additionally, the Group obtains very high EBITDA, as shown in the consolidated statement of comprehensive income, which allows it to face debt service without cash difficulties.

Additionally, to manage liquidity risk, the Group applies different measures:

- Diversification of financing sources through the access to different banking and capital markets. In this regard, the Group has an additional borrowing capacity (see data in Note 16).

- Credit facilities committed for the sufficient amount and flexibility. Accordingly, the Group has available cash and cash equivalents amounting to 181 million euros at December 31, 2017 (2016: 174 million euros), to meet unexpected payments.

- The length and repayment schedule for financing through debt is established based on the financed needs.

In this regard, the Group's liquidity police ensure to meet its payment obligations without requiring the access to funds in costly terms.

Additionally, it is noteworthy that both at Group and individual business level, the Group performs projections regularly on the generation and expected cash needs, in order to determine and monitor the Group's liquidity position.

The relevant information on the maturity dates of financial liabilities based on contractual terms is broken down in Notes 15, 16 and 17.

28. CAPITAL MANAGEMENT POLICY

The main objectives of the Group's capital management are to ensure financial stability in the short and long term, appropriate return rates, increased business value and ensure proper and adequate financing of investments and projects to be conducted in a framework of controlled expansion.

The Group's strategy, both in 2017 and 2016, is to enhance the more profitable business and to act decisively on the deficit operations, to significantly improve the results and net cash flows. Control of investments and costs restraint have also been established as a priority action, with satisfactory results.

As stated in Note 15, the contracts entered into in relation to corporate bonds issued include limitations on the payment of dividends. The Company does not intend to distribute dividends in the short to medium term given that the Group policy is not to distribute dividends.

29. INFORMATION ON THE AVERAGE PAYMENT PERIOD TO SUPPLIERS. ADDITIONAL PROVISION THREE "DISCLOSURE REQUIREMENT" OF LAW 15/2010, OF JULY 5

The information on the average payment period to suppliers is as follows:

	2017	2016
(Days)		
Average payment period to suppliers	22.3	23.3
Ratio of transactions paid	19.8	19.4
Ratio of transactions pending payment	2.5	3.9
(Thousands of euros)		
Total payments made	569,534	481,971
Total payments outstanding	43,501	49,523

30. EVENTS AFTER THE BALANCE SHEET DATE

On March 7, 2018 the Group was notified of the start of general verification and inspection proceedings regarding the corporate income tax for the years 2013 to 2016 of the 26/94 tax consolidation group and, on a separate basis, of the companies Cirsa Gaming Corporation, S.A., Cirsa International Gaming Corporation, S.A., Global Game Machine Corporation, S.A., Juegomatic, S.A., Uniplay, S.L. and Universal de Desarrollos Electrónicos, S.A.

On the same date, the Group was also notified of the start of partial verification and inspection proceedings regarding the Value Added Tax, of the group of entities included in the regime of entities for that tax, for the periods comprised between February 2014 and December 2016. Additionally, for these companies, the Group was also notified of the start of general verification proceedings, for the periods comprised between February 2014 and December 2016, regarding the following concepts:

- Value Added Tax (for the periods when the companies were not included in the group of entities)
- Withholdings/prepayments on employee/independent professionals income tax.

31. ADDITIONAL NOTE FOR ENGLISH TRANSLATION

These consolidated financial statements were originally prepared in Spanish. In the event of discrepancy, the Spanish-language version prevails.

These financial statements are presented on the basis of the International Financial Reporting Standards adopted by the European Union which for the purposes of the Group are not different from those issued by the International Accounting Standards Board (IASB). Consequently, certain accounting practices applied by the Group might not conform with generally accepted principles in other countries.

Cirsa Gaming Corporation group

Management Report

Year ended December 31, 2017

Despite the complex economic situation, and the depreciation of some currencies of Latin American countries (Argentinean pesos) in which the Group carries out a significant part of its activity, the Group's operating revenues (net of variable rent) have increased by 103,333 thousand euros (+6.4%) during the twelve months of 2017.

EBITDA amounts to 427,019 thousand euros, compared to 398,269 thousand euros in the prior year, which represents a 7.2% increase (+28,750 thousand euros) mainly due to the improvement in the way the Group has managed its business, focusing on achieving profitable growth and consolidating its already existing business activities. In particular, we highlight the performance of the activities in Latin America.

In order to maintain the Group's position of leadership at a domestic level and offer a larger range of products in traditional sectors and in those related to new technologies, the Group has continued, as in previous years, to invest significant level of resources in research and development. This year the total amount allocated for projects carried out by the Group's Research and Development department amounted to 3,043 thousand euros.

The Group's strategy for the future is focused on three objectives:

- to continue to increase EBITDA through cost improvement and management of the mix of revenues.
- productivity programs applied in all the businesses and countries.
- selectively chosen investments, analyzed and conducted strictly.

On May 28, 2004, the parent Company acquired 2.47% of its shares at an acquisition cost of 31,007 thousand euros. On July 13, 2007, the Company transferred 1.55% of its treasury stock to Nortia Business Corporation, S.L. as a consideration for the acquisition of a bunch of slot machine operators. The remaining shares (0.92%) are being held in the treasury stock portfolio.

The Group has not recognized any derivatives or financial instruments in its financial statements that would be significant for measuring its assets, liabilities, financial situation or results.

On March 7, 2018 the Group was notified of the start of general verification and inspection proceedings regarding the corporate income tax for the years 2013 to 2016 of the tax consolidation group and several separate companies. On the same date, the Group was also notified of the start of partial verification and inspection proceedings regarding the Value Added Tax, of the group of entities included in the regime of entities for that tax, for the periods comprised between February 2014 and December 2016, as well as general verification proceedings for the periods comprised between February 2014 and December 2016, for the following concepts:

- Value Added Tax (for the periods when the companies were not included in the group of entities).
- Withholdings/prepayments on employee/independent professionals income tax.

The undersigned, whose positions are indicated under their names, hereby CERTIFY on page number 3292170 the accuracy and integrity of the financial statements and management report for the year ended December 31, 2017 of CIRSA GAMING CORPORATION GROUP, which have been drawn up on xx two-sided sheets of government-issued stamped paper class 8, N series, sequentially numbered from 3292129 to 3292169.

Terrassa, March 20, 2018

Manuel Lao Hernández Chairman	Manuel Lao Gorina Vice-chairman	Mª Ester Lao Gorina Secretary

List of subsidiaries

Company	Activity	Percentage of ownership 2017	Percentage of ownership 2016	Investment holder	Business address	City	Province/Country
Administradores De Personal En Entretenimiento, SA de CV	Bingos	100,00%	100,00%	Bincamex, S.A. de CV.	Bosque de Duraznos, 61 3B	Mexico City	Mexico
Ajar, S.A.	Bingos	75,00%	75,00%	Global Bingo Corporation, S.A.U.	Av. Muñoz Vargas, 18	Huelva	Huelva
Alfematic, S.A.	Slots	50,00%	50,00%	Cirsa Slot Corporation, S.A.U.	Ctra. Rellinars, 345	Terrassa	Barcelona
Amical Trading, S.L.	Slots	76,76%	76,76%	Global Game Machine Corporation, S.A.U.	C/ Pi i Margall, 201	Terrassa	Barcelona
Ancon Entertainment, INC.	Casinos	50,00%	50,00%	Cirsa International Gaming Corporation, S.A.U.	Calle 50 y 73 Este San Francisco	Panama city	Panama
Apple Games 2000, S.L.	Slots	49,50%	49,50%	Egartronic, S.A.	Sequia de Favara, 11	Picanya	Valencia
Apuestas Electrónicas, S.L.U.	Slots	51,00%	51,00%	Comercial de Recreativos Salamanca, S.A.U.	C/ del Toros, 3	Plasencia	Cáceres
Automáticos Essan, S.A.U.	Slots	100,00%	-	Recreativos Ergosa, S.L.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Automáticos Manchegos, S.L.U.	Slots	51,00%	51,00%	Interservi, S.A.	Crta. Nacional 420, km 286	Juan	Ciudad Real
Automaticos Maxorata, S.A.	Slots	55,00%	55,00%	Comercial Jupama, S.A.	c/ Suarez Naranjo, 45	Las Palmas	Gran Canaria
Automáticos Siglo XXI, S.L.U.	Slots	-	100,00%	Juegomatic, S.A.U.	Martillo, 26	Sevilla	Sevilla
Bar Juegos, S.L.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U. y Madrileña de Servicios para el Bingo, S.L.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Barnaplay, S.A.U.	Slots	100,00%	-	Miky, S.L.	Paseo Maragall, 103 - 105	Barcelona	Barcelona
Bema - Euromatic, S.A.	Slots	60,71%	60,71%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Binale, S.A.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U. y Global Bingo Madrid, S.A.U	General Ricardos, 176	Madrid	Madrid
Bincamex, S.A. de C.V.	Bingos	100,00%	100,00%	Cirsa International Gaming Corporation, S.A.U.	Cantú, 9 - 601. Colonia Nueva Anzures	Mexico City	Mexico
Bincano, S.A.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U.	Elcano, 30-32	Bilbao	Vizcaya
Bingames, S.A.U	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U.	Crta. Castellar, 298	Terrassa	Barcelona
Bingaser, A.I.E.	Bingos	100,00%	100,00%	Varios	Fermina Sevillano, 5-7	Madrid	Madrid
Bingo Santven, S.A.U.	Bingos	100,00%	-	Global Bingo Corporation, S.A.U.	Ctra. N-340 Km. 1189	El Vendrell	Tarragona
Bingos Andaluces, S.A.	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Asunción, 3	Sevilla	Sevilla
Bingos Benidorm, S.A.	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Plaza Doctor Fleming, s/n	Benidorm	Alicante
Bingos de Madrid Reunidos, S.A.U.	Bingos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.	Fermina Sevillano, 5-7	Madrid	Madrid
Bingos Electronicos De Panamá, S.A.U.	Casinos	100,00%	100,00%	Gaming & Services De Panamá, S.A.U.	Calle 50 y 73 Este San Francisco	Panama city	Panama
Binred Madrid, S.A.U.	Bingos	-	100,00%	Sala Versalles, S.A.	C/ Bravo Murilo, 309	Madrid	Madrid
Bumex Land, S.L.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U.	Elcano, 30-32	Bilbao	Vizcaya
Caballo 5, S.L.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Casino Buenos Aires, S.A.	Casinos	100,00%	100,00%	Cirsa International Gaming Corporation, S.A.U. y Gestión de Juego Integral, S.A.U.	Avda. Elvira Rawson de Dellepiane, s/n	Buenos Aires D.F.	Argentina
Casino Cirsa Valencia, S.A.U.	Casinos	100,00%	100,00%	Global Casino Technology Corporation,	Avda. de las Cortes Valencianas, 59	Valencia	Valencia
Casino de Rosario, S.A.	Casinos	50,00%	50,00%	Casino Buenos Aires, S.A.	C/Córdoba, 1365,Piso 5 of. 508	Santa Fé-Rosario	Argentina
Casino El Cacique, S.A.U.	Casinos	100,00%	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Casino Nueva Andalucia Marbella, S.A.U.	Casinos	100,00%	100,00%	Global Casino Technology Corporation,	Ctra. Cádiz-Málaga Km. 180	Marbella	Málaga
Casinos Pájaro Trueno, S.A.U.	Casinos	100,00%	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Cirsa+, S.R.L.	Slots	51,00%	51,00%	Cirsagest, S.P.A.U.	Via Toscana, 31	Buccinasco	Milan
Cirsa Brasil Participaçoes, LTDA.	Casinos	100,00%	-	Cirsa International Gaming Corporation, S.A.U.	Rua Gertrudes de Lima, nº 53 - Sala 42 Centro	Santo André	Brasil
Cirsaecuador, S.A.U.	Casinos	100,00%	100,00%	Cirsa International Gaming Corporation, S.A.U.	Inglaterra E3263 y Ava. Amazonas	Quito	Ecuador
Cirsa Amusement France, S.A.U.	Slots	-	100,00%	Cirsa Slot Corporation, S.L.U.	10 Impasse Leonce Couture	Toulouse	France
Cirsa Caribe, C.A.	Casinos	70,00%	70,00%	Cirsa Venezuela, C.A.U.	Avda. 4 de Mayo. Centro Comercial. Local 41	Porlamar	Venezuela
Cirsa Estrellas del Caribe, S.A.U.	Casinos	100,00%	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Cirsa Funding Luxembourg, S.A.U.	Structure	100,00%	100,00%	Cirsa Gaming Corporation, S.A.	Rue Charles Martel, 58	Luxembourg	Luxembourg
Cirsa Gran Entretenimiento De Costa Rica,	Casinos	100,00%	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Cirsa Insular, C.A.U.	Casinos	-	100,00%	Cirsa Venezuela, C.A.U.	Estado de Nueva Esparta (Porlamar)	Isla Margarita	Venezuela
Cirsa Interactive Corporation, S.L.U.	B2B	100,00%	100,00%	Cirsa Gaming Corporation, S.A.	Ctra. Castellar, 298	Terrassa	Barcelona
Cirsa International Gaming Corporation, S.A.U.	Casinos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.	Ctra. Castellar, 298	Terrassa	Barcelona
Cirsa Italia Holding, S.p.A.U.	Slots	100,00%	100,00%	Cirsa International Gaming Corporation,	Centro Direzionale Milanofiori, Strada 2	Assago (Milan)	Italy

List of subsidiaries

Company	Activity	Percentage of ownership 2017	Percentage of ownership 2016	Investment holder	Business address	City	Province/Country
Cirsa Italia, S.p.A.U.	Slots	100,00%	100,00%	Cirsa Italia Holding, S.p.A.U.	Centro Direzionale Milanofiori, Strada 2	Assago (Milan)	Italy
Cirsa Panamá, S.A.U.	Casinos	100,00%	100,00%	Cirsa International Gaming Corporation,	Via Domingo Diaz	Panama city	Panama
Cirsa Servicios Corporativos, S.L.U.	Structure	100,00%	100,00%	Cirsa Gaming Corporation, S.A.	Ctra. de Castellar, 298	Terrassa	Barcelona
Cirsa Slot Corporation, S.A.U.	Slots	100,00%	100,00%	Cirsa Gaming Corporation, S.A.	Ctra. de Castellar, 298	Terrassa	Barcelona
Cirsa Venezuela, C.A.U.	Casinos	100,00%	100,00%	Cirsa International Gaming Corporation, S.A.U.	D. Marino, Nueva Esparta, Porlamar	Isla Margarita	Venezuela
Cirsagest, S.P.A.	Slots	100,00%	100,00%	Cirsa Italia Holding, S.p.A.U.	Centro Direzionale Milanofiori, Strada 2	Assago	Italy
Club Privado De Fumadores Nuestro Espacio	Bingos	100,00%	100,00%	Bingos de Madrid Reunidos, S.A.U.	C/ Bravo Murilo, 309	Madrid	Madrid
Comdibal 2000, S. L.	B2B	51,00%	51,00%	Universal de desarrollos Electronicos, S.A.U.	Pl. Els Bellots, c/ del Aire, 1	Terrassa	Barcelona
Comercial de Desarrollos Electrónicos, S. A.U.	Slots	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Pi i Margall, 201	Terrassa	Barcelona
Comercial de Recreativos Salamanca, S.A.U.	Slots	51,00%	51,00%	Tecnoappel, S.L.	C/ Cuarta, 17 P.I. El Montalvo	Carbajosa de la Sagrada	Salamanca
Comercial Jupama, S.A.	Slots	50,00%	50,00%	Cirsa Slot Corporation, S.A.U.	c/ Suarez Naranjo, 45	Las Palmas	Gran Canaria
Complejo Hotelero Monte Picayo, S.A.U.	Casinos	100,00%	100,00%	Global Casino Technology Corporation, S.A.U.	Complejo Hotelero Monte Picayo	Sagunto	Valencia
Cotecnic 2000, S.L.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Egartronic, S.A.	Slots	51,00%	51,00%	Cirsa Slot Corporation, S.A.U.	C/ del Aire, 1 Pol. Ind. Els Bellots	Terrassa	Barcelona
Electrónicos Radisa, S.L.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Electrónicos Trujillanos, S.L.U.	Slots	-	100,00%	Global Amusement Partners Corporation,	Fermina Sevillano, 5-7	Madrid	Madrid
Elettronolo Firenze, S.R.L.U.	Slots	100,00%	100,00%	Cirsagest, S.P.A.U.	Palazzo D4	Assago	Milan
Entidad Gestora del Bingo Siglo XXI, S.L.U.	B2B	-	100,00%	Cirsa Interactive Corporation, S.L.U.	Sena, nº 2	Sant Cugat del Valles	Barcelona
Ferrojuegos, S.A.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U. y Global Bingo Madrid, S.A.U.	Ferrocarril, 38	Madrid	Madrid
Flamingo Euromatic-100, S.L.U.	Slots	51,00%	51,00%	Orlando Play, S.A.	P.I. La Juaida, C/Sierra Telar, 40	Viator	Almeria
Gaming & Services de Panamá, S.A.U.	Casinos	100,00%	100,00%	Cirsa International Gaming Corporation, S.A.U.	Calle 50, PH. Torre Global, piso 40	Panama city	Panama
Gaming & Services, S.A.C.	Casinos	100,00%	100,00%	Cirsa International Gaming Corporation,	Av. Ricardo Palma, 341 Miraflores	Lima	Perú
Garbimatic, S.L.U.	Slots	50,00%	50,00%	Alfematic, S.A.	Ctra. Rellinars, 345	Terrassa	Barcelona
Garrido Player, S.L.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Gema, S.r.l.U.	Bingos	100,00%	100,00%	Cirsa International Gaming Corporation,	Centro Direzionale Milanofiori, Strada 2, Pal D4	Assago (Milan)	Italy
Genper, S. A.U.	Slots	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Pi i Margall, 201	Terrassa	Barcelona
Gestión de Bingos Gobylán, S.A.U.	Bingos	-	100,00%	International Bingo Technology, S.A.U.	Pza. de la Iglesia, 10	Sta. C. de Tenerife	Tenerife
Gestión del Juego Integral, S.A.U.	Casinos	100,00%	100,00%	Cirsa Interactive Corporation, S.L.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Gestora de Inversiones Cobiman, S.L.U.	Slots	-	51,00%	Interservi, S.A.	Ctra. Nacional 420, km 286	Alcázar de San Juan	Ciudad Real
Gimar Jocs, S.L.U.	Slots	100,00%	-	Miky, S.L.	Paseo Maragall, 103	Barcelona	Barcelona
Global Amusement Partners Corporation, S.A.U.	Slots	-	100,00%	Cirsa Gaming Corporation, S.A.	Ctra. Castellar, 298	Terrassa	Barcelona
Global Betting Aragón, S.L.U.	Slots	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	C/ Jaime Ferran, 5 Pol. Ind. La Cogullada	Zaragoza	Zaragoza
Global Bingo Corporation, S.A.U.	Bingos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.	Crta. Castellar, 298	Terrassa	Barcelona
Global Bingo Madrid, S.A.U.	Bingos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.	Fermina Sevillano, 5-7	Madrid	Madrid
Global Bingo Stars, S.A.U.	Bingos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.	Fermina Sevillano, 5-7	Madrid	Madrid
Global Casino Technology Corporation, S.A.U.	Casinos	100,00%	100,00%	Cirsa Gaming Corporation, S.A.	Ctra. de Castellar, 298	Terrassa	Barcelona
Global Cinco Estrellas, S.A.	Bingos	-	100,00%	Global Bingo Corporation, S.A.U. y Global	Fermina Sevillano, 5-7	Madrid	Madrid
Global Game Machine Corporation, S.A.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Pi i Margall, 201	Terrassa	Barcelona
Global Gaming, S.A.S.U.	Casinos	100,00%	100,00%	Winner Group, S.A.	Calle 38 Norte, 6 N-35	Cali	Colombia
Global Manufacturing Corporation, S.L.U.	B2B	100,00%	100,00%	Cirsa Gaming Corporation, S.A.	Ctra. de Castellar, 298	Terrassa	Barcelona
Global TC Corp., S.A.U.	Casinos	100,00%	-	Gaming & Services de Panamá, S.A.U.	C/ Cuarta, Casa 39 - Urbanización Parque Lefevre	Panama city	Panama
Goldenplay, S.L.U.	Slots	51,00%	51,00%	Orlando Play, S.A.	German Bernacer, 22 P.I. Elche Parque Ind.	Elche	Alicante
Gonmatic, S.L.U.	Slots	-	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Gran Casino de las Palmas, S.A.U.	Casinos	100,00%	100,00%	Global Casino Technology Corporation,	c/ Simón Bolivar, 3	Las Palmas	Gran Canaria
Grasplai, S.A.U.	Bingos	100,00%	100,00%	Telma Enea, S.L.U.	Av. Generalitat, 6	Sta. Coloma	Barcelona
Grupo Cirsa De Costa Rica, S.A.U.	Casinos	100,00%	100,00%	Cirsa International Gaming Corporation,	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Hostebar 98, S.L.	Bingos	-	100,00%	Global Bingo Corporation, S.A.U. y Madrileña de Servicios para el Bingo, S.L.U.	Ferrocarril, 38	Madrid	Madrid

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Company	Activity	Percentage of ownership 2017	Percentage of ownership 2016	Investment holder	Business address	City	Province/Country
Iber Matic Games, S.L.	Slots	51,00%	51,00%	Cirsa Slot Corporation, S.A.U.	C/ Jaime Ferran, 2-4	Zaragoza	Zaragoza
Inmobiliaria Rapid, S.A.C.	Casinos	100,00%	-	Gaming And Services, S.A.C.	Av. Ricardo Palma, 341 Miraflores	Lima	Perú
Integración Inmobiliaria World de Mexico, S.A. De C.V.	Bingos	100,00%	100,00%	Promociones e Inversiones de Guerrero, S.A.P.I. De C.V.	c/ Guillermo Gonzalez Camarena 600 Piso 8	Mexico City	Mexico
International Bingo Technology, S.A.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U	Pi i Margall, 201	Terrassa	Barcelona
International Gaming Manufacturing, S.L.U.	B2B	-	100,00%	Cirsa International Gaming Corporation,	Ctra. Castellar, 298	Terrassa	Barcelona
Interplay, S.A.	Slots	51,00%	51,00%	Egartronic, S.A.	C/ Francia, 26 y 27	Puerto Real	Cádiz
Interservi, S.A.	Slots	51,00%	51,00%	Cirsa Slot Corporation, S.A.U.	Ctra. Nacional 420, km 289	Alcázar de San Juan	Ciudad Real
Inversiones Interactivas, S.A.	Casinos	70,00%	70,00%	Orbis Development, S.A.U.	C/ 57 y Avenida Obarrio	Panama city	Panama
Investment & Securities Iberica, S.A.U.	Casinos	100,00%	100,00%	Cirsa Internacional Gaming Corporation,	Ctra. Castellar, 298	Terrassa	Barcelona
Italtronic, S.R.L.U.	Bingos	100,00%	-	Cirsa Italia Holding, S.p.A.U.	Via Abate Tommaso, 26	Quarto d'Altino	Italy
Ivisa - Casino Buenos Aires, U.T.E.	B2B	100,00%	100,00%	Casino Buenos Aires, S.A.	C/ Adolfo Alsina, 1729 P.B.	Buenos Aires	Argentina
Jesali, S.A.U.	Casinos	100,00%	100,00%	Complejo Hotelero Monte Picayo, S.A.U.	Complejo Hotelero Monte Picayo	Sagunto	Valencia
Juegomatic, S.A.	Slots	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Av. Velázquez, 91	Málaga	Málaga
Juegos Del Oeste, S.L.U.	Slots	51,00%	51,00%	Apuestas Electrónicas, S.L.U.	C/ del Toros, 3	Plasencia	Cáceres
Juegos San José, S. A.	Bingos	47,50%	47,50%	Global Bingo Corporation, S.A.U.	General Mas De Gaminde, 47 Bajos	Las Palmas G.C.	Gran Canaria
La Barra Ancon, S.A.U.	Casinos	50,00%	50,00%	Ancon Entertainment, Inc.	Calle 50 y 73 Este San Francisco	Panama city	Panama
La Barra Panama, S.A.U.	Casinos	100,00%	100,00%	Cirsa International Gaming Corporation, S.A.U.	Calle 50 y 73 Este San Francisco	Panama city	Panama
La Cafetería del Bingo, S.L.	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Asunción, 3	Sevilla	Sevilla
La Selva Inversiones, S.A.C.	Casinos	100,00%	100,00%	Gaming And Services, S.A.C.	C/ Jr. Loreto, 228	Tambopata	Perú
Les Loisirs Du Paradis, S.A.R.L.U.	Casinos	82,00%	82,00%	Resort Paradise AB	Hotel Atlantic Palace Secteur balneaire et touristique	Agadir	Morocco
L&G Bussines, S.L.U.	Slots	100,00%	-	Cirsa Gaming Corporation, S.A.	Ctra. Castellar, 338	Terrassa	Barcelona
Lightmoon International 21, S.L.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Lista Azul, S.A.U.	Bingos	100,00%	100,00%	Bingames, S.A.U.	Gran Passeig de Ronda, 87	Lleida	Lleida
Losimai, S.A.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Av. De la Albufera, 129	Madrid	Madrid
Mabel 96, S.L.U.	Slots	-	100,00%	Global Game Machine Corporation, S.A.U.	Ctra. de Castellar, 298	Terrassa	Barcelona
Macrojuegos, S.A.	Bingos	51,00%	51,00%	International Bingo Technology, S.A.U.	Dionisio Guardiola, 34	Albacete	Albacete
Madrileña de Servicios para el Bingo, S.L.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Majestic 507 Corp, S.A.	Casinos	50,00%	50,00%	Gaming & Services de Panamá, S.A.U.	Calle 50, Calle 73 Este	Panama city	Panama
Maquilleiro, S.L.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Marchamatic Indalo, S.L.U.	Slots	51,00%	51,00%	Orlando Play, S.A.	C/Sierra Telar, 40	Viator	Almeria
MCA Automatics, S.L.U.	Slots	100,00%	-	Global Game Machine Corporation, S.A.U.	Crta. Castellar, 298	Terrassa	Barcelona
Miky, S.L.	Slots	100,00%	-	Cirsa Slot Corporation, S.A.U.	c/ Paseo Maragall, 103 - 105	Barcelona	Barcelona
Montri, S.A.U.	Slots	51,00%	51,00%	Iber Matic Games, S.L.	C/ del Aire, 1 Pol. Ind. Els Bellots	Terrassa	Barcelona
New Laomar, S.L.U.	Slots	51,00%	51,00%	Orlando Play, S.A.	c/Sierra Telar, 40	Viator	Almeria
Nightfall Construccions, S.R.L.	Casinos	100,00%	100,00%	Cirsa International Gaming Corporation, S.A.U.	Avda. Abraham Lincoln	Santo Domingo	Dominican Republic
Oper Ibiza, S.L.	Slots	51,00%	51,00%	Cirsa Slot Corporation, S.A.U.	C/ dels Llauradors, 45	Sant Antoni de Portmany	Baleares
Operación Banshai, S.A.U.	Casinos	100,00%	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Operadora de Entretenimiento Manzanillo, S.A. de C.V.	Bingos	60,00%	-	Bincamex, S.A. de CV.	c/ Guillermo Gonzalez Camarena 600 Piso 8	Mexico City	Mexico
Operadora Internacional de Recreativos, S.A.	Slots	51,00%	51,00%	Cirsa Slot Corporation, S.A.U.	c/ Cervantes, 14 1	Gijón	Asturias
Orbis Development, S.A.U.	Casinos	100,00%	100,00%	Cirsa International Gaming Corporation,	Swiss Tower, 16th floor, World Trade Center	Panama city	Panama
Orlando Italia, S.r.l.	Slots	51,00%	51,00%	Orlando Play, S.A.	Milano Fiori, Strada 2, Palazzo D4	Assago	Italy
Orlando Play, S.A.	Slots	51,00%	51,00%	Global Game Machine Corporation, S.A.U.	Sierra Telar, 40 P.I. La Juaida	Viator	Almería
Patterson Lake Business Services, S.A.U.	Casinos	100,00%	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Playcat, S.A.U.	Bingos	100,00%	100,00%	Bingames, S.A.U.	Cádiz, 1	Terrassa	Barcelona
Pol Management Corporation, B.V. U.	Slots	-	100,00%	Cirsa International Gaming Corporation, S.A.U.	Emancipatie Boulevard 29 New Haven e-Zone	Curaçao	The Netherlands Antilles
Princesa 31, S.A.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U. y Bingos de Madrid Reunidos, S.A.U.	Princesa, 31	Madrid	Madrid

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Company	Activity	Percentage of ownership 2017	Percentage of ownership 2016	Investment holder	Business address	City	Province/Country
Promociones e Inversiones de Guerrero, S.A.P.I. de C.V.	Bingos	100,00%	100,00%	Bincamex, S.A. de CV.	Bosque de Duraznos, 61 3 b, Bosques Lomas	Mexico City	Mexico
Promociones Sol Ibiza, S.A.U.	Slots	51,00%	-	Oper Ibiza, S.L.	C/ dels Llauradors, 45	Sant Antoni de Portmany	Balearic Island
Promociones Tauro, S.L.U.	Slots	-	100,00%	Global Game Machine Corporation, S.A.U.	Martillo, 26	Sevilla	Sevilla
Push Games, S.L.U.	Bingos	-	100,00%	Global Bingo Corporation, S.A.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Recreativos Arranz, S.L.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Recreativos Ergosa, S.L.U.	Slots	100,00%	-	Global Game Machine Corporation, S.A.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Recreativos Hatuey, S.A.	Slots	100,00%	100,00%	Bema - Euromatic, S.A.	Fermina Sevillano, 5-7	Madrid	Madrid
Recreativos Manchegos, S.L.U.	Slots	51,00%	51,00%	Interservi, S.A.	Ctra. Nacional 420, Km 286	Juan	Ciudad Real
Recreativos Martos, S.L.U.	Slots	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Crta. De Castellar, 298	Terrassa	Barcelona
Recreativos Ociomar Levante, S.L.U.	Slots	51,00%	51,00%	Orlando Play, S.A.	Ctra. De Castellar, 298	Terrassa	Barcelona
Recreativos Panaemi, S.L.U.	Slots	51,00%	51,00%	Orlando Play, S.A.	c/ German Bernacer, 22 P.I. Elche	Murcia	Murcia
Recreativos Rodes, S.A.U.	Slots	-	100,00%	Genper, S.A.U.	German Bernacer, 22 P.I. Elche Parque Ind.	Elche	Alicante
Red de Bingos Andaluces, A.I.E.	Bingos	54,00%	54,00%	Varios	Martillo, 26	Sevilla	Sevilla
Red de Interconexión de Andalucia, S.L.U.	B2B	100,00%	100,00%	Cirsa Interactive Corporation, S.L.U.	Martillo, 26	Sevilla	Sevilla
Red de salones de Aragón, S.L.U.	B2B	100,00%	100,00%	Cirsa Interactive Corporation, S.L.U.	Ctra. De Castellar, 298	Terrassa	Barcelona
Resort Paradise AB	Casinos	82,00%	82,00%	Cirsa International Gaming Corporation, S.A.U.	Box, 1432	Stockholm	Sweden
Romgar, S.L.	Bingos	100,00%	100,00%	Telma Enea, S.L.U.	Cayetano del Toro, 23	Cádiz	Cádiz
S.A. Explotadora de Recreativos	Slots	61,40%	61,40%	Cirsa Slot Corporation, S.A.U.	C/ del Aire, 1 Pol. Ind. Els Bellots	Terrassa	Barcelona
Sadeju, S.L.U.	Bingos	65,00%	65,00%	Telma Enea, S.L.U.	c/ Carlota Alexandre, 106	Torremolinos	Málaga
Sala Valencia, S.A.	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Cuenca, 20	Valencia	Valencia
Sala Versalles, S.A.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U. y Global Bingo Stars, S.A.U.	Bravo Murillo, 309	Madrid	Madrid
Salón de Juegos Portal, S.A.U.	Casinos	100,00%	100,00%	Gaming And Services, S.A.C.	C/ Mercaderes, 303	Arequipa	Perú
Saturno 5 Conexión, S.L.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
SCB Almirante Dominicana, S.R.L	Casinos	100,00%	100,00%	Cirsa International Gaming Corporation,	Av. A. Lincoln , 403, La Julia	Santo Domingo	Dominican Republic
SCB Anil Dominicana, S.R.L.	Casinos	100,00%	100,00%	Cirsa International Gaming Corporation,	Av. Máximo Gómez / Avda. 27 Febrero	Santo Domingo	Dominican Republic
SCB Grand Victoria Dominicana, SRL	Casinos	100,00%	100,00%	Cirsa International Gaming Corporation.	Avda. Abraham Lincoln	Santo Domingo	Dominican Republic
SCB Hispaniola Dominicana, S.R.L.	Casinos	100,00%	100,00%	Cirsa International Gaming Corporation,	Av. A. Lincoln /Correa y Cidron	Santo Domingo	Dominican Republic
SCB Malecon Dominicana, S.A.	Casinos	100,00%	100,00%	Cirsa International Gaming Corporation, S.A.U.	Av. George Washington,centro comercial Malecón	Santo Domingo	Dominican Republic
SCB Margarita, C.A.U.	Casinos	-	100,00%	Cirsa International Gaming Corporation.	Estado de Nueva Esparta (Porlamar)	Isla Margarita	Venezuela
Servicios Especializados Del Juego, S.A. De C.V.	Bingos	100,00%	100,00%	Bincamex, S.A. de CV.	Bosque de Duraznos, 61 3B	Mexico City	Mexico
Servicios Integrales del Juego, A.I.E.	Structure	100,00%	100,00%	Varios	Ctra. Castellar, 298	Terrassa	Barcelona
Servicios y Distribucion de Recreativos, S.A.U.	Slots	100,00%	100,00%	Global Game Machine Corporation, S.A.U.	Ctra. Castellar, 298	Terrassa	Barcelona
Servi-Joc, S.A.	Slots	51,00%	51,00%	Cirsa Slot Corporation, S.A.U.	Ctra. Rellinars, 345	Terrassa	Barcelona
Sierra Machines, S.A.C.	Casinos	100,00%	-	Gaming And Services, S.A.C.	Av. Ricardo Palma, 341 Miraflores	Lima	Perú
Sobima, S.A.U.	Bingos	100,00%	100,00%	International Bingo Technology, S. A.U.	Av. Velázquez 91-93	Málaga	Málaga
Sobreaguas, S.A.	Casinos	100,00%	100,00%	Casino Buenos Aires, S.A.	Av. Alicia Moreau de Justo, 1960, 1º, ofic 102	Buenos Aires	Argentina
Social Games Online, S.L.	B2B	100,00%	-	Cirsa Interactive Corporation, S.L.U.	Ctra. Castellar, 338	Terrassa	Barcelona
Sodemar, S.L.U.	Bingos	100,00%	100,00%	Telma Enea, S.L.U.	Sacramento, 16 duplicado	Cádiz	Cádiz
Sternal Bay Venezuela, C.A.U	B2B	100,00%	100,00%	Cirsa Interactive Corporation, S.L.U.	Avda. Fco. de Miranda	Caracas	Venezuela
Tecnijoc, S.L.U.	Slots	51,00%	51,00%	Egartronic, S.A.	Gremio de Jaboneros, 3B Pol.I. Son Castello	Palma de Mallorca	Mallorca
Tecnoappel, S.L.	Slots	51,00%	51,00%	Cirsa Slot Corporation, S.A.U.	Pol Ind Campollano, calle B1	Albacete	Albacete
Tefle, S.A.U.	Bingos	100,00%	100,00%	International Bingo Technology, S.A.U	Tenor Fleta, 57	Zaragoza	Zaragoza
Telma Enea, S.L.U.	Bingos	100,00%	100,00%	Global Bingo Corporation, S.A.U.	Sevilla, 10-14	Jerez de la Frontera	Cádiz
Traylon, S.A.	Casinos	55,00%	55,00%	Casino Buenos Aires, S.A.	Avda. Elvira Rawson de dellepiane, s/n	Buenos Aires	Argentina
Tres Rios Hotel la Carpintera, S.A.U.	Casinos	100,00%	100,00%	Grupo Cirsa De Costa Rica, S.A.U.	Oficentro Ejecutivo La Sabana, Torre 6, Piso 3	San José	Costa Rica
Uniplay, S.A.U.	Slots	100,00%	100,00%	Cirsa Slot Corporation, S.A.U.	Fermina Sevillano, 5-7	Madrid	Madrid
Universal de Desarrollos Electrónicos, S. A.U.	B2B	100,00%	100,00%	Cirsa Gaming Corporation, S.A.	Ctra. Castellar, 298	Terrassa	Barcelona
Universal de Desarrollos Electrónicos, S. A. De C.V.	B2B	100,00%	100,00%	Cirsa International Gaming Corporation, S.A.U.	Guillermo Gonzalez Camanera, 660 Piso 9 Of. 5	Mexico City	Mexico
Urban Leisure, S.L.	Slots	75,00%	75,00%	Cirsa Slot Corporation, S.A.U.	Ctra. Rellinars, 345	Terrassa	Barcelona
Verneda 90, S.A.U.	Bingos	100,00%	100,00%	International Bingo Technology, S.A.U.	Guipuzcoa, 70	Barcelona	Barcelona
Winner Group, S.A.	Casinos	50,01%	50,01%	Investments & Securities Iberica, S.A.U.	Calle 90, nº 19c-32, Oficina 401	Santa Fe de Bogotá DC	Colombia

List of subsidiaries

Company	Activity	Percentage of ownership 2017	Percentage of ownership 2016	Investment holder	Business address	City	Province/Country
Yumbo San Fernando, S.A.	Bingos	60,00%	60,00%	Bingames, S.A.U. y Global Bingo Corporation, S.A.U.	San Fernando, 48	Santander	Cantabria

List of joint operations

Company	Activity	Percentage of ownership 2017	Percentage of ownership 2016	Investment holder	Business address	City	Province/Country
CBA-CIESA, UTE	Casinos	50,00%	50,00%	Casino Buenos Aires, S.A.	Avda. Rawson de Dellepiane, s/n	Buenos Aires	Argentina
Magic Star, S.A. - Casino Buenos Aires, S.A. UTE	Casinos	50,00%	50,00%	Casino Buenos Aires S.A.	C/ Elvira Rawson de Dellepiane, s/n	Buenos Aires	Argentina

List of associates

Company	Activity	Percentage of ownership 2017	Percentage of ownership 2016	Investment holder	Business address	City	Province/Country
Alavera, S.A.	Casinos	50,00%	50,00%	Casino Buenos Aires S.A.	Av. Elvira Rawson de Dellepiane, s/n, Dársena Sur	Buenos Aires	Argentina
AOG, S.r.l.	Bingos	50,00%	50,00%	Cirsa International Gaming Corporation, S.A.U. y Gema Srl. U.	Via Galieo Galilei, 20	Silea (TV)	Italy
Ariv, S.A.	B2B	50,00%	50,00%	Cirsa International Gaming Corporation, S.A.U.	RioBamba, 927, 14-E	Buenos Aires	Argentina
Automáticos Quintana, S.L.	Slots	50,00%	50,00%	Comercial Jupama, S.A.	C/ Parque de la libertad, 30	Santa Lucia de Tirajana	Gran Canaria
Audiovisual Fianzas, S.G.R.	Structure	35,23%	35,23%	Varios	c/ Luis Buñuel, 2 2ª	Madrid	Madrid
Binbaires, S.A.	Casinos	33,33%	33,33%	Cirsa international Gaming Corporation,	Pinamar	Pinamar	Argentina
Binelec, S.L.	B2B	-	50,00%	Universal de Desarrollos Electrónicos, S.A.	Atenas, 45	Málaga	Málaga
Bingo Amico, S.r.l.	Bingos	50,00%	50,00%	Gema, S.r.l.U.	Pz. Ferreto, 55 A	Mestre	Italy
Binsavo, S. A.	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Ruiz Morote, 5	Ciudad Real	Ciudad Real
Casino de Asturias, S.A.	Casinos	40,00%	40,00%	Global Casino Technology Corporation, S.A.U.	Nava, 8	Gijón	Asturias
Casino la Toja, S.A.	Casinos	50,00%	50,00%	Global Casino Technology Corporation,	Isla de La Toja	El Grove	Pontevedra
Cirsa Digital, S.A.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	Ctra. Castellar, 298	Terrassa	Barcelona
Cludeen, S.L.	B2B	50,00%	50,00%	Universal de Desarrollos Electrónicos, S.A.U.	C/ Enrique Mariñas, 36 planta 5 local 1B	A Coruña	A Coruña
Compañia Europea de Salones Recreativos, S.L.	B2B	20,00%	20,00%	Universal de Desarrollos Electronicos, S.A.U.	C/ Toledo, 137	Madrid	Madrid
Competiciones Deportivas, S.A.	Casinos	50,00%	50,00%	Gaming & Services de Panamá, S.A.U.	Calle 50 y 73 Este San Francisco	Panama City	Panama
Digital Gaming México, S.A.P.I.de C.V.	Slots	65,00%	65,00%	Sportium Apuestas Deportivas, S.A.	Boulevard Luis Donaldo Colosio, SA-1	Hidalgo	Mexico
Emjucasa, S.A.	Casinos	50,00%	50,00%	Cirsa International Gaming Corporation, S.A.U.	Bacacay, 2789 piso 5-20	Buenos Aires	Argentina
Giochigenova, S.R.L.	Slots	-	50,00%	CirsaGest, S.P.A.	Via Col Dino, 6	Genoa	Italy
Gironina de Bingos, S.L.	Bingos	20,60%	20,60%	International Bingo Technology, S.A.U.	Via Laietana, 51	Barcelona	Barcelona
Majestic Food Services, S.A.U.	Casinos	50,00%	50,00%	Gaming & Services de Panamá, S.A.U.	Calle 50, Calle 73 Este	Panama City	Panama
Metroservi Andaluza de Salones, S.L.	Bingos	25,00%	25,00%	Global Bingo Corporation, S.A.U.	C/ Tipografia, 26	Sevilla	Sevilla
Montecarlo Andalucia, S.L.	Bingos	50,00%	50,00%	Global Bingo Corporation, S.A.U.	Av. Cruz del Campo, 49	Sevilla	Sevilla
New York Game, S.L.U.	Slots	50,00%	-	Recreativos Trece, S.L.	Ctra. De Rellinars,345	Terrassa	Barcelona
Opa Services, S.r.l.	Bingos	30,00%	30,00%	A.O.G., S.r.l.	Torricella, 11	Rome	Italy
Polispace, S.L.	B2B	-	50,00%	Binelec, S.L.	Atenas, 45	Málaga	Málaga
Recreativos Trece, S.L.	Slots	50,00%	50,00%	Alfematic, S.A.	Ctra. Rellinars, 345	Terrassa	Barcelona
Red de Juegos y Apuestas de Madrid, S.A.	Bingos	40,00%	40,00%	Varios	C/Evaristo San Miguel, 2	Madrid	Madrid
Serdisga 2000, S. L.	B2B	50,00%	50,00%	Universal de Desarrollos Electronicos, S.A.U.	Av. Finisterre, 283	La Coruña	La Coruña
Silver Cup Gaming, Inc.	Casinos	50,00%	50,00%	Cirsa Panamá, S.A.U.	Este	Panama City	Panama
Sportium Apostes Catalunya, S.A.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Sena, 2	Sant Cugat Del Valles	Barcelona
Sportium Apuestas Andalucia, S.L.U.	Slots	50,00%	-	Sportium Apuestas Deportivas, S.A.	Avda. Velázquez, 91 - 93	Málaga	Málaga
Sportium Apuestas Aragon, S.L.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Jaime Ferrán, 5	Zaragoza	Zaragoza
Sportium Apuestas Asturias, S.A.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ B, Parcela 45B pol. Ind Asipo	Cayes - Llanera	Asturias
Sportium Apuestas Baleares, S.L.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Gremi des Sabaters, 21	Mallorca	Mallorca
Sportium Apuestas Canarias, S.L.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Garcia Morato, 1	Telde	Gran Canaria
Sportium Apuestas Castilla La Mancha, S.L.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Santa Maria Magdalena, 10 -12	Madrid	Madrid
Sportium Apuestas Ceuta, S.L.U.	Slots	50,00%	-	Sportium Apuestas Deportivas, S.A.	C/ Gran Via, 14 entreplanta, puerta A	Ceuta	Ceuta
Sportium Apuestas Colombia, S.A.S.	Slots	60,00%	-	Sportium Apuestas Deportivas, S.A.	Carrera 12 Nº 93 - 78 Oficina 501	Bogotá	Colombia
Sportium Apuestas Deportivas, S.A.	Slots	50,00%	50,00%	Cirsa Slot Corporation, S.A.U.	C/Santa Mª Magdalena, 10-12	Madrid	Madrid
Sportium Apuestas Galicia, S.L.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Don Pedro, s/n	El Grove - Isla de la Toja	Pontevedra
Sportium Apuestas Levante, S.A.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	c/ Ronda Guglielmo Marconi, 11	Paterna	Valencia
Sportium Apuestas Melilla, S.L.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	Avda. Candido Lobera, 5 Atico 3	Melilla	Melilla

List of associates

Company	Activity	Percentage of ownership 2017	Percentage of ownership 2016	Investment holder	Business address	City	Province/Country
Sportium Apuestas Navarra, S.A.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	Avda. Barañain, 27 1º A	Pamplona	Navarra
Sportium Apuestas Oeste, S.A.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Nevero Doce, Parcela 21	Badajoz	Badajoz
Sportium Apuestas Panama, S.A.	Slots	60,00%	60,00%	Sportium Apuestas Deportivas, S.A.	Corregimiento de San Francisco, calle 50 y 73 Este	Panama City	Panama
Sportium Zona Norte, S.A.U.	Slots	50,00%	50,00%	Sportium Apuestas Deportivas, S.A.	C/ Las Balsas, 20 nave 49	Logroño	Logroño
Tejebin, S.A.U.	Bingos	-	-	Juegos San José, S.A.	General Mas De Gaminde, 47 Bajos	Las Palmas G.C.	Gran Canaria
TirrenoGames, SRL	Slots	-	50,00%	CirsaGest, S.P.A.	Via Orosei, s/n	(Cascina)	Italy