

CODERE INCREASES EARNINGS BY 20.7% OVER THE FIRST SIX MONTHS OF THE YEAR, REACHING €M503.9

- The results for the first half of 2008 reveal a positive trend of the key Latin American markets of CODERE, posting a Gross Operating Profit of €M120, up 15.9% with regard to the first half of 2007.
- Net Profit, which totalled €M0.7 versus €M11.9 for the first half of 2007, stems from the restructuring effect of CODERE's activity in Italy, the launch of a new business in Spain - sports betting - and the euro's strength against the dollar.
- CODERE boosted its activity with regard to the first half of 2007 with the inclusion of 6,827 new slot machines (which total 53,575 units), 9 bingo halls (totalling 133) and 12 betting shops (which total 68).
- CODERE has acquired the stake of the key minority shareholder in its business in Argentina for the sum of 36.3 million dollars.
- Together with its partner William Hill, since April the CODERE group has become the first authorised company to commence sports betting transactions in Spain.

Madrid, 28 August 2008. The CODERE Group, leading Spanish multinational in the private gaming sector, has today announced the results of the first half of the year and the second quarter of 2008, which reveal solid growth of the Group's different businesses and the restructuring of its activities in Italy.

Turnover during the first half of 2008 totalled €M503.9, up 20.7% over the same period in 2007. The Gross Operating Profit (EBITDA) was €M120 in the first half of 2008, up 15.9% year-on-year for the same period. Net Profit for the first half of 2008 was €M0.7, versus €M11.9 for the same period in 2007, mainly due to the loss of €M9.5 through suspended activities in Italy (Direct Machines and Sports Betting), through the initial losses caused through the launch of the sports betting business in Spain and because of the euro's strength against the dollar. The investments of the CODERE Group reached €M58.1 in the first half of 2008.

The key components behind these results were the increase of revenue in Mexico, tied to the growth of electronic bingo terminals and the proportional consolidation of ICELA. By the same token, the increase of average daily collections per slot machine in Argentina and the growth of the total number of machines in Spain have helped account for these positive results in the first half of 2008.

The positive trend in the Group's key markets remains unchanged

In **Spain**, turnover in the area of slot machines was up 4.7% in the first half of 2008, totalling €M107.3, duly reflecting the increase in the number of slot machines, with a total of 15,863 operational machines and, to a lesser extent, the sale of machines. EBITDA was down 3.3% over the same period for 2007, totalling €M35.6.

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Argentina saw turnover increase by 12.6% over the first half of 2007, up to €M160.4, as a consequence of increased daily average earnings per machine, which were 29.8% higher than the same period in 2007 (in local currency). The EBITDA rose €M51.7, up 10.9% over the same period in 2007.

In **Mexico**, the CODERE Group's business experienced large growth. Turnover reached €M110.7 for the first half of 2008, up 91.2% over the first half of the previous year. This increase is fundamentally due to the higher number of electronic bingo terminals that have been installed, which now total 19,266 units, up 43.1% over the same period in 2007. It is also due to the increase of the sale of assets to *Caliente* and to the consolidation of previous investments, which includes the contribution of new businesses such as the Las Américas racetrack and the Banamex Convention Centre. EBITDA was up 49%, totalling €M35.9 in the first half of 2008.

With regard to operations in other countries, we should highlight the growth experienced in Italy through increased revenue of *Máquinas Italia*, up to €M21.4 for the first half of 2008, due to the consolidation of indirect machine operators and the higher contribution of Codere Network, as well as the positive evolution of *Bingos Italia*, up 6% with regard to earnings for the first half of 2007.

Milestones

On 16 April 2008, VICTORIA, a company created through a joint-venture between CODERE and William Hill, opened the first sports betting outlet in Spain, at Bingo Canoe in Madrid. Following its expansion plan, VICTORIA has opened a total of 9 sports betting outlets in Madrid during the second quarter of 2008, using both its own premises as well as via affiliated operators.

The second quarter of 2008 saw the sale of the sports betting business in Italy, with all of the shares of *William Hill Codere Italia* (WHCI) sold to *Intralot Italia* for €M5.5.

In June 2008, CODERE finalised the purchase of the direct and indirect equity interests of the key minority shareholder of its subsidiaries in Argentina for the sum of 36.3 million dollars.

The first half of 2008 also saw the Group increase its activities through the inclusion of new operational slot machines, which now total 53,575 units, up 14.6% over the same period of the previous year, 9 bingo halls (totalling 133) and 12 betting shops (which total 68).

The results of the CODERE Group reflect the ongoing growth strategy in its key markets, particularly Mexico and Argentina, which have maintained a positive trend in the first half of 2008.

N.B.: The Financial Report on Results for the First half of 2008 is available at www.codere.com



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The CODERE Group

CODERE is a leading Spanish multinational company in the private gaming sector in Europe and Latin America. The company manages over 53,500 slot machines, 133 bingo halls, 68 sports betting outlets, 3 racecourses and 5 casinos in Argentina, Brazil, Colombia, Spain, Italy, Mexico, Panama and Uruguay.

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