



INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED ANNUAL ACCOUNTS

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinion, the original language version of our report takes precedence over the translation.

To the shareholders of Codere, S.A.:

Report on the Consolidated Annual Accounts

We have audited the accompanying consolidated annual accounts of Codere, S.A. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes for the year then ended.

Directors' Responsibility for the Consolidated Annual Accounts

The parent company's directors are responsible for the preparation of these consolidated annual accounts, so that they present fairly the consolidated equity, financial position and financial performance of Codere, S.A. and its subsidiaries, in accordance with International Financial Reporting Standards, as adopted by the European Union, and other provisions of the financial reporting framework applicable to the Group in Spain and for such internal control as directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated annual accounts based on our audit. We conducted our audit in accordance with legislation governing the audit practice in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the parent company's directors' preparation of the consolidated annual accounts 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the consolidated annual accounts taken as a whole.

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

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Opinion

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the consolidated equity and financial position of Codere, S.A. and its subsidiaries as at December 31, 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and other provisions of the financial reporting framework applicable in Spain.

Emphasis of Matter

We draw your attention to Note 2.a.1 to the accompanying consolidated annual accounts, disclosing the Group's financial difficulties which have resulted in its defaulting on its main financial commitments in 2014 and 2015 and to the date of the preparation of the accompanying consolidated annual accounts. During 2015, in addition to the amendments introduced to the Lock-up agreement signed in 2014 between Codere's controlling shareholders and the majority of the bondholders, and disclosed in Note 3.f.ii, the High Court of Justice of England and Wales has approved the so-called "Scheme of Arrangement" on December 22, 2015. Prior to that, creditors holding in excess of 98.78% of all the Bonds had approved the Scheme. The effectiveness of the agreement is subject to the satisfaction of the "scheme completion conditions", which are described in Note 3.f.iii. This finance restructuring process, if completed, will result in an issue of US dollar new bonds equivalent to 675 million euro, with maturity in 2021, out of which 200 million euro will be issued in cash and 475 million euro will be exchanged for existing bonds. In addition, bondholders will become shareholders of the company through the capitalization of the remaining existing bonds in return for shares to be issued by Codere, S.A., representing 97.78% of the share capital. This stake will be reduced to 78.2% after the sale of shares by such bondholders to the company's two main executives. As indicated by the directors in the aforementioned Notes, at the date of preparation of the accompanying consolidated annual accounts, the effectiveness of the restructuring process is subject to the satisfaction of the "scheme completion conditions", triggering significant uncertainty concerning the Group's capacity to continue its operations in case such conditions are not met. This matter does not modify our opinion.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' Report for 2015 contains the explanations which the parent company's directors consider appropriate regarding Codere, S.A. and its subsidiaries' situation, the development of their business and other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the directors' Report is in agreement with that of the consolidated annual accounts for 2015. Our work as auditors is limited to checking the directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Codere, S.A. and its subsidiaries' accounting records.

PricewaterhouseCoopers Auditores, S.L.

Antonio Vázquez

February 26, 2016

CODERE, S.A. AND SUBSIDIARIES

Consolidated Annual Accounts for the year ended 31 December 2015 and
Consolidated Directors' Report for 2015

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CODERE, S.A. AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEET
(Thousand euro)**

ASSETS	Note	At 31 December	
		2015	2014
Non-current assets		1,069,889	1,204,579
Intangible assets	7	413,045	471,098
Property, plant and equipment	8	318,460	368,665
Investment properties	8	66,565	70,451
Goodwill	10	193,860	207,561
Equity method investments	9	11,607	12,415
Non-current financial assets	11	21,405	25,716
Non-current loans		17,225	18,091
Investments held to maturity		4,180	6,184
Other financial assets		-	1,441
Deferred tax assets	12	44,947	48,673
Current assets		371,155	334,730
Inventories	14	11,625	10,441
Accounts receivable	15	188,346	181,526
Trade and other receivables		40,273	30,585
Current tax assets		3,298	4,964
Sundry receivables		42,125	34,140
Tax receivables accrued		102,650	111,837
Financial assets	16	42,750	35,988
Short-term investment securities		2	106
Other loans and investments		42,748	35,882
Prepayments and accrued income		18,108	20,103
Cash and cash equivalents	24	110,326	86,672
TOTAL ASSETS		1,441,044	1,539,309

The accompanying notes are an integral part of these consolidated financial statements.

CODERE, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (Thousand euro)

EQUITY AND LIABILITIES	Note	At 31 December	
		2015	2014
Equity attributable to owners of the parent	17	(609,658)	(449,130)
Share capital		11,007	11,007
Share premium		231,280	231,280
Legal reserve and retained earnings		(522,446)	(350,750)
Transition reserves		3,881	4,060
Translation differences		(220,188)	(171,722)
Profit/(loss) for the year attributable to parent company's owners		(113,192)	(173,005)
Non-controlling interests		(6,282)	17,280
Total equity		(615,940)	(431,850)
Non-current liabilities		249,658	296,852
Deferred income		31	17
Non-current provisions	18	32,341	33,465
Non-current payables	19	113,657	147,525
Bank borrowings		76,375	89,299
Bonds issued		-	-
Other payables		37,282	58,226
Deferred tax liabilities	12	103,629	115,845
Current liabilities		1,807,326	1,674,307
Provisions and other	18	9,429	10,575
Bank borrowings	19	147,496	160,976
Bonds and other marketable securities	19	1,276,209	1,141,915
Other non-trade payables	19	235,326	209,603
Trade payables		103,233	119,601
Liabilities for current-year corporate income tax	19	35,633	31,637
TOTAL EQUITY AND LIABILITIES		1,441,044	1,539,309

The accompanying notes are an integral part of these consolidated financial statements.

CODERE, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT (Thousand euro)

		Year ended 31 December	
	Note	2015	2014
Operating income	23	1,639,524	1,385,624
Revenue		1,630,617	1,377,175
Other income		8,907	8,449
Operating expenses	23	(1,510,218)	(1,361,500)
Consumables and other external expenses		(49,791)	(45,742)
Employee benefit expense	23.d	(276,595)	(240,130)
Depreciation and amortisation	7.8	(122,115)	(125,514)
Change in trade provisions		(128)	(1,993)
Other operating expenses	23.c	(1,058,468)	(936,255)
Asset impairment charges	7,8,10,13	(3,121)	(11,866)
Profit/loss on retirement or disposal of assets	6	(4,907)	(3,347)
CONSOLIDATED OPERATING PROFIT/(LOSS)		124,399	20,777
Financial income		3,557	3,331
Financial expenses		(156,429)	(148,174)
Net foreign exchange gains/(losses)		(50,469)	(45,899)
CONSOLIDATED NET FINANCIAL INCOME/(EXPENSE)	23.g	(203,341)	(190,742)
CONSOLIDATED LOSS BEFORE INCOME TAX		<u>(78,942)</u>	<u>(169,965)</u>
Corporate income tax	21	(63,220)	(40,885)
Profit/(loss) for the year of companies consolidated by the equity method		<u>2,716</u>	<u>2,967</u>
CONSOLIDATED LOSS FOR THE YEAR		<u>(139,446)</u>	<u>(207,883)</u>
Attributable to:			
Non-controlling interests		(26,254)	(34,878)
Owners of the parent		(113,192)	(173,005)
Basic and diluted earnings per share (in euro)	23f	<u>(2.55)</u>	<u>(3.80)</u>
Basic and diluted earnings per share from continuing operations attributable to the owners of the parent company (in euro)	23f	<u>(2.07)</u>	<u>(3.16)</u>

The accompanying notes are an integral part of these consolidated financial statements.

CODERE, S.A. AND SUBSIDIARIES**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
(Thousand euro)

		Year ended 31 December	
	Note	2015	2014
Loss for the year		(139,446)	(207,883)
Currency translation differences		(46,797)	(9,441)
Other comprehensive income for the year, net of tax		(46,797)	(9,441)
Total profit/(loss) for the year		(186,244)	(217,324)
Attributable to non-controlling interests		(24,586)	(32,608)
Attributable to owners of the parent company		(161,658)	(184,716)

The accompanying notes are an integral part of these consolidated financial statements.

CODERE, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Thousand euro)

	Share capital	Share premium	Retained earnings	Equity method company reserves	Transition reserves	Translation differences	Profit/(loss) attributable to the parent company	Equity attributable to the parent company	Equity attributable to non-controlling interests	Total equity
Balance at 31 December 2014	11,007	231,280	(354,053)	3,303	4,060	(171,722)	(173,005)	(449,130)	17,280	(431,850)
Consolidated loss for the year	-	-	-	-	-	-	(113,192)	(113,192)	(26,255)	(139,447)
Other consolidated comprehensive income for the year	-	-	-	-	-	(48,466)	-	(48,466)	1,669	(46,797)
Total consolidated comprehensive income	-	-	-	-	-	(48,466)	(113,192)	(161,658)	(24,586)	(186,244)
Transfer to transition reserves	-	-	179	-	(179)	-	-	-	-	-
Change in consolidation scope and business combination (Note 6)	-	-	-	-	-	-	-	-	5,504	5,504
Reserves for treasury shares (Note 9)	-	-	25	-	-	-	-	25	-	25
Provision for options	-	-	1,116	-	-	-	-	1,116	-	1,116
Gain/(loss) on treasury shares	-	-	(11)	-	-	-	-	(11)	-	(11)
Dividends (*)	-	-	2,269	(2,269)	-	-	-	-	(4,479)	(4,479)
Transfer to retained earnings (prior- year losses)	-	-	(175,972)	2,967	-	-	173,005	-	-	-
Total changes in equity	-	-	(172,393)	698	(179)	-	173,005	1,130	1,025	2,154
Balance at 31 December 2015	11,007	231,280	(526,447)	4,001	3,881	(220,188)	(113,192)	(609,658)	(6,282)	(615,940)

(*) Corresponds to the payment of dividends to the holders of non-controlling interests in the Group's subsidiaries.

The accompanying notes are an integral part of these consolidated financial statements.

CODERE, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Thousand euro)

	Share capital	Share premium	Retained earnings	Equity method company reserves	Transition reserves	Translation differences	Profit/(loss) attributable to the parent company	Equity attributable to the parent company	Equity attributable to non-controlling interests	Total equity
Balance at 31 December 2013	11,007	231,280	(176,308)	2,992	4,214	(160,011)	(173,616)	(260,442)	56,877	(203,565)
Consolidated loss for the year	-	-	-	-	-	-	(173,005)	(173,005)	(34,878)	(207,883)
Other consolidated comprehensive income for the year	-	-	-	-	-	(11,711)	-	(11,711)	2,270	(9,441)
Total consolidated comprehensive income	-	-	-	-	-	(11,711)	(173,005)	(184,716)	(32,608)	(217,324)
Transfer to transition reserves	-	-	154	-	(154)	-	-	-	-	-
Change in consolidation scope and business combination (Note 6)	-	-	(3,833)	-	-	-	-	(3,833)	(1,841)	(5,674)
Reserves for treasury shares (Note 9)	-	-	86	-	-	-	-	86	-	86
Provision for options	-	-	(113)	-	-	-	-	(113)	-	(113)
Gain/(loss) on treasury shares	-	-	(112)	-	-	-	-	(112)	-	(112)
Dividends (*)	-	-	2,023	(2,023)	-	-	-	-	(5,148)	(5,148)
Transfer to retained earnings (prior-year losses)	-	-	(175,950)	2,334	-	-	173,616	-	-	-
Total changes in equity	-	-	(177,745)	311	(154)	-	173,616	(3,972)	(6,989)	(10,961)
Balance at 31 December 2014	11,007	231,280	(354,053)	3,303	4,060	(171,722)	(173,005)	(449,130)	17,280	(431,850)

(*) Corresponds to the payment of dividends to the holders of non-controlling interests in the Group's subsidiaries.

The accompanying notes are an integral part of these consolidated financial statements.

CODERE, S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT (Thousand euro)

		Year ended	
	Note	31 December 2015	31 December 2014(*)
Consolidated profit/(loss) before income tax		(78,942)	(169,965)
Net financial income/(expense)		203,341	190,742
Operating profit/(loss)		124,399	20,777
Expenses that do not represent cash outlays		134,115	146,985
Depreciation and amortisation	7 and 8	122,115	125,514
Asset impairment	8	3,121	11,866
Other operating expenses	24	8,879	9,605
Income that does not represent an inflow of cash	24	(191)	(2,392)
Changes in working capital		(8,294)	(39,669)
Inventories		(1,183)	1,033
Accounts receivable		(1,042)	(2,010)
Accounts payable		(10,163)	(39,591)
Other		4,094	899
Income tax paid		(43,172)	(32,278)
NET CASH GENERATED FROM OPERATING ACTIVITIES		206,857	93,423
Purchases of property, plant and equipment and intangible assets		(67,071)	(83,641)
Proceeds from sales of fixed assets		2,126	6,679
Payments on non-current loans		(21,436)	(21,155)
Repayments received on non-current loans		21,069	21,011
Amounts paid on investments		(5,269)	(2,252)
Payments on other financial assets		(24,989)	(9,559)
Effect of divestments		-	(332)
Collection of dividends		2,269	2,024
Collection of interest		1,667	1,441
CASH FLOWS FROM INVESTING ACTIVITIES		(91,634)	(85,784)
Bond issues		-	-
Drawings on Codere senior debt		-	35,000
Net change in borrowings		-	35,000
Proceeds from bank borrowings		1,514	1,051
Repayment of bank borrowings		(29,436)	(11,989)
Net change in bank borrowings		(27,922)	(10,938)
Dividends paid		(4,627)	(4,656)
Payments on other financial liabilities		(10,167)	-
Repayments of other financial liabilities		-	2,626
Net change in other financial liabilities		(10,167)	2,626
Other cash flows due to impact of exchange rates on receipts and payments		(7,406)	(10,599)
Acquisition of own equity instruments		(14)	(108)
Disposal of own equity instruments		123	102
Net investment in treasury shares		109	(6)
Payment of interest		(32,680)	(31,197)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		(82,693)	(19,770)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		32,530	(12,131)
Reconciliation:			
Cash and cash equivalents at beginning of the year		86,672	102,396
Effect of exchange rate fluctuations on cash and cash equivalents		(8,876)	(3,593)
Cash and cash equivalents at the end of the year		110,326	86,672
Net variation in cash position		32,530	(12,131)

The accompanying notes are an integral part of these consolidated financial statements.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

1. General information

Codere S.A. (hereinafter the “Company” or the “Parent”) was incorporated in Spain on 20 July 1998 as a public limited company. Its registered address and main offices are at Avenida de Bruselas 26, Alcobendas (Madrid, Spain).

The corporate purpose of Codere S.A. is described in article 2 of its bylaws and consists of investment and reinvestment activities in real estate, hospitality services, amusement and slot machines, casinos, bingo halls and other lawful gaming activities; the use of its funds to acquire ownership interests in Spanish and foreign corporations with the same or a similar corporate purpose; and coordinating the provision of legal, tax and financial advisory services.

Codere, S.A. and its subsidiaries (hereinafter “Codere Group” or the “Group”) are mainly engaged in business activities in the private gaming industry, consisting primarily of the operation of amusement and slot machines, sports betting, bingo halls, casinos and racetracks in Spain, Italy and Latin America (Argentina, Brazil, Colombia, Mexico, Panama and Uruguay). The companies forming the Group are detailed in Appendix 1.

These consolidated annual financial statements were authorised for issue by the Board of Directors on 25 February 2016.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of presentation

The consolidated annual financial statements have been prepared on the basis of the accounting records of Codere S.A. and its consolidated subsidiaries and are presented in thousands of euro in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU). The consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets and derivatives, which were measured at fair value, and land and buildings, which were recognised at their fair values upon first-time application of IFRS-EU.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

a.1) Going concern

The present consolidated financial statements have been drawn up on a going concern basis, assuming that the activity of the Company and its Group will continue without limitation.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

The Company's directors have included below a list of the factors that have generated, and also mitigated, uncertainty as to the Company's capacity to remain in business as a going concern:

Factors generating uncertainty:

- As a result of its current financial situation Codere has been unable to meet payment commitments for half-yearly coupons due on bonds issued in EUR and USD during 2015 and 2014, the repayment of the principal of the bonds issued in EUR in June 2015 or the repayment commitment on the senior credit facility that matured in 2014. These failures to make payment constitute default events which contractually entitle the bondholders to accelerate redemption of all bonds issued by the Group.
- At 31 December 2015, the Group presented equity attributable to the owners of the parent company of a negative 609,586 thousand euros, a reduction of 160,528 thousand euros with respect to the figure recognised at 31 December 2014. This reduction is mainly attributable to the loss recognised in 2015 attributable to the owners of the parent company of 113,192 thousand euros and an increase of 11,711 thousand euros in negative translation differences. In addition, at 31 December 2015, the Group had negative working capital in the amount of 1,436,171 thousand euros (2014: 1,339,577 thousand euros). The increase is due to the accrual of interest on the debt.
- As a result of the losses incurred in 2015, the equity of the parent company Codere, S.A. has fallen below half of share capital. This means that it comes under the provisions governing mandatory dissolution contained in Article 363 of the Spanish Companies Act 2010.
- Between 2012 and 2015, there have been de facto restrictions on the repatriation of part of the funds from Argentina. Argentina is one of the main generators of cash for the Group. (Note 3.c) 1.

Factors mitigating uncertainty:

- On 18 August 2015 some key aspects have been modified in the Lock Up Agreement ("LUA") of 23 September 2014 between Codere, S.A., Codere Finance Luxembourg, S.A. and other Codere Group companies with the holders of bonds that will insure a new loan agreement and a new bond issue ("Backstop Notes Parties") and the so-called Original Shareholder Parties (José Antonio Martínez Sampedro, Encarnación Martínez Sampedro, Javier Martínez Sampedro, Carmen Martínez Sampedro and Masampe Holding, B.V.) One item that has been amended is the Definitive Termination Date. The Definitive Termination Date, which is the time limit for implementing the Restructuring under the business terms agreed, has been set as the later of (i) 31 December 2015, (ii) 31 March 2016, providing consent is given by Codere, by 75% of the Participating Bondholders, and by each Backstop Party, and (iii) any later date if consent is given by Codere, each Participating Bondholder and each Backstop Party. The Definitive Termination Date was previously 23 August 2015. On 9 December 2015, it was agreed to extend the Definitive Termination Date to 31 March 2016.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

- The procedure known as "Scheme of Arrangement" provided for under the UK Companies Act, the purpose of which is to obtain judicial authorisation to implement the Restructuring, was authorised by the competent English courts and the competent courts of New York on 22 December 2015, as from which date the Scheme is considered to be fully effective. The Scheme includes certain "scheme completion conditions" which must be fulfilled for the restructuring process to be valid. At the date of the consolidated accounts for 2015, not all of the completion conditions had been met: see Note 3.f) iii).
- The expired contract for the senior credit facility is under a "stand-still" agreement linked to the LUA (Note 3.g)).
- Even though the Group's consolidated balance sheet in 2015 was affected by the maturity of financial liabilities that had not been settled, negative working capital is a common situation in the business area in which the Group operates, and within its financial structure. The average collection period in the gaming sector is very short, while the average supplier payment period is longer, enabling businesses to generate sufficient operating cash flow to cover working capital payment requirements.
- The Group generates positive cash flow from operating activities. Gross operating income (EBITDA, defined as operating profit plus depreciation and amortisation, plus changes in trade provisions, plus asset impairment testing, less receipts from fixed-asset disposals) for 2015 was above Codere Group management's forecast at the beginning of the year.
- In 2015 the Group renewed the financing lines in Colombia and Uruguay, as well as the debt owed by the Mexican company Administradora del Hipódromo, S.A. de C.V. to Inbursa, for a term of four years.
- During 2015 the Group has repaid the debts necessary for its usual business operation as in Mexico, Panama and Italy, and has continued to pay the gaming taxes required by current legislation.

Due to the circumstances described above, the directors consider that there is significant uncertainty as to the Group's capacity to continue in business if the completion conditions stipulated in the Scheme of Arrangement are not fulfilled within the deadline agreed by the parties.

a.2) New standards, amendments and interpretations issued

The new standards, amendments and interpretations that took effect in 2015:

Standards, amendments and interpretations	Description	Applicable for annual periods beginning on or after:
IFRIC 21	Levies	01 January 2015
Improvement project 2011-2013 cycle	Description	Applicable for annual periods beginning on or after:
IFRS 3	Business combinations	01 January 2015
IFRS 13	Fair value measurement	01 January 2015
IAS 40	Investment properties	01 January 2015

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The adoption of these new standards in 2015 has not had any material impact on the Group's financial position, results or disclosure obligations.

Standards, amendments and interpretations which have not yet come into effect but which may be adopted early in the years starting on or after 01 January 2015 are as follows:

Standards, amendments and interpretations	Description	Applicable for annual periods beginning on or after:
IAS 19 (Revised)	Defined benefit plans: Employee Contributions	01 February 2015
Improvement project 2010 - 2012 cycle	Description	Applicable for annual periods beginning on or after:
IFRS 2	Share-based payments	01 February 2015
IFRS 3	Business combinations	01 February 2015
IFRS 8	Operating segments	01 February 2015
IFRS 13	Fair value measurement	01 February 2015
IAS 16	Property, plant and equipment	01 February 2015
IAS 24	Related party disclosures	01 February 2015

The Group does not expect the adoption of these new standards to have any material impact on the Group's financial position, results or disclosure obligations.

The standards, amendments and interpretations issued by the IASB and IFRS Interpretations Committee during 2015 which had not entered into force by the end of 2014 are the following:

Standards, amendments and interpretations	Description	Applicable for annual periods beginning on or after:
Improvement project 2012 - 2014 cycle	Description	Applicable for annual periods beginning on or after:
IFRS 5	Non-current assets held for sale and discontinued operations	01 January 2016
IFRS 7	Financial instruments: disclosures	01 January 2016
IAS 19	Employee benefits	01 January 2016
IAS 34 (*)	Interim financial reporting	01 January 2016

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Standards, amendments and interpretations	Description	Applicable for annual periods beginning on or after:
IFRS 11 (Revised)	Accounting for acquisitions of interests in joint ventures	01 January 2016
IAS 16 (Revised) and IAS 38 (Revised)	Clarification of acceptable depreciation and amortisation methods	01 January 2016
IFRS 15 (*)	Revenue from contracts with customers	01 January 2018
IFRS 9 (*)	Financial instruments	01 January 2018
IAS 27 (Revised)	Equity method in separate financial statements	01 January 2016
IFRS 10 (*) (Revised) and IAS (*) 28 (Revised)	Sale or contribution of assets between an investor and its associate or joint venture	Undetermined
IAS 1 (Revised)	Presentation of financial statements	01 January 2016
IFRS 10 (*) (Revised)		
IFRS 12 (*) (Revised) and IAS (*) 28 (Revised)	Investment entities: Applying the exception to consolidation	01 January 2016
IFRS 16 (*)	Leases	01 January 2019
	Recognition of deferred tax assets due to unrealised losses	
IAS 12 (*)		01 January 2017
IAS 7 (*)	Disclosure initiative	01 January 2017

(*) Standards and amendments pending adoption by the European Union.

The Group is analysing the impact that the new standards, amendments and interpretations might have on the Group's consolidated annual accounts and they are not expected to have a material impact on the consolidated annual accounts.

a.3) Comparability

Various reclassifications have been included in order to improve comprehension and comparability with current year figures among the headings of intangible assets and plant, property and equipment.

b) Accounting policies

b.1) Consolidation

- *Subsidiaries and business combinations*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed or entitled to obtain variable income due to its interest in the investee and has the capacity to influence such income through the power exercised over the investee.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred with respect to the former owners of the acquired company and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Optional transactions with non-controlling interests that form part of business combinations are included within the consideration transferred (increasing or decreasing such consideration as warranted) such that the transactions do not have an impact on the calculation of non-controlling interests, as these options correspond to rights and obligations that affect Codere Group only.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

- *Changes in ownership interests in subsidiaries without loss of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on the disposal of non-controlling interests are also recorded in equity.

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- *Joint ventures*

IFRS 11 is applied to all joint arrangements. Investments in joint arrangements under IFRS 11 are classified as joint operations or joint ventures depending on each investor's rights and obligations. The Group has assessed the nature of its joint arrangements and has concluded that they are joint ventures. Joint ventures are recognised using the equity method.

Under the equity method, interests in joint ventures are initially recognised at cost and are adjusted thereafter to reflect the Group's interest in gains and losses subsequent to the acquisition and movements in other comprehensive income. When the Group's share of a joint venture's losses equals or exceeds its interests in joint ventures (including any long-term interest which, in substance, forms part of the Group's net investment in joint ventures), the Group does not recognise any additional losses unless it has assumed obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment loss due to the impairment of the asset transferred. The accounting policies applied by the joint ventures have been modified when necessary to ensure consistency with the policies adopted by the Group.

- *Investments in associates*

Companies in which Codere, S.A. holds a direct or indirect interest of less than 50% and more than 20%, and over which it does not hold a majority of voting rights or exercise effective control but over which it does have a significant influence, would be consolidated by the equity method.

Investments in associates would be recorded in the consolidated balance sheet at cost plus any changes in the shareholding subsequent to the initial acquisition, depending on the Group's share of the net assets of the associate, less any impairment required. The consolidated income statement would reflect the percentage share in the associate's profits. When a change occurred recognised directly in the equity of the associate, the Group would account for its share of these changes in its equity and, when so required, would disclose this matter in the statement of changes in consolidated equity.

At 31 December 2015 and 2014, there were no investments in associates.

- *Disposals of subsidiaries*

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised under other comprehensive income are reclassified to profit or loss.

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The year-end date for subsidiaries and equity-method companies is 31 December.

b.2) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-making authority, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, which makes strategic decisions.

b.3) Foreign currency translation

b.3.1) Functional currency and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Group's presentation currency.

b.3.2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or measurement, where items are remeasured.

Foreign currency gains and losses resulting from the settlement of these transactions and the translation of monetary assets and liabilities denominated in foreign currency are recognised in the income statement.

The monetary items of each Group company that are denominated in a currency other than the functional currency are translated using the exchange rate prevailing at the balance sheet date. All realised and unrealised exchange gains or losses are taken to the income statement for the year, with the exception of exchange gains or losses on intra-group monetary transactions considered part of an investment in a foreign operation, which are included under "Translation differences" in consolidated equity.

Non-monetary items denominated in foreign currency and carried at historical cost are translated using the exchange rate prevailing on the transaction date, while currency-denominated non-monetary items measured at fair value are translated into the functional currency using the rate of exchange on the date the fair value was determined.

b.3.3) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates;
- All resulting exchange differences are recognised in other comprehensive income.

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Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The resulting exchange differences are recognised in equity.

b.4) Intangible assets

Intangible assets acquired by the Group are stated at cost less accumulated amortisation and any impairment loss.

Expenses incurred in relation to intangible assets are only capitalised when they increase the future economic benefits expected to be generated by the assets in question. All other costs are expensed when incurred.

- Gaming licences include the amount paid to the granting authorities. They are amortised over the term of the associated concession.
- Exclusive rights comprise amounts paid to the owners of food and drink establishments to install gaming machines in their premises. They are amortised over the term of the contracts.
- Installation rights comprise amounts paid to authorities for permits to install gaming machines. They are amortised over the authorisation period.
- Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.
- Separately acquired trademarks are shown at acquisition cost. Trademarks are deemed to have an indefinite useful life.
- Rights to use brands, trademarks, customer portfolios and licenses acquired in business combinations are recognised at their acquisition-date fair values. With the exception of trademarks and non-amortisable installation rights, which are deemed to have an indefinite useful life, they are amortised during the term of the related right, concession or the best estimate of the term of the contractual customer relationship, calculated on the basis of financial models and the Group's prior experience with customers in each of its operating markets.

Intangible assets with a finite useful life are amortised on a straight-line basis over their estimated useful lives from when they become available for use. The amortisation rates applied are as follows:

	Annual depreciation rate
Gaming licences	2.5%-11%
Exclusive rights	15%-25%
Installation rights	10% - 33%
Customer portfolio	4.5%-10%
Computer software	20%- 25%

These rates are regularly reviewed to ensure their accuracy.

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b.5) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost. Nevertheless, on first-time application of IFRS-EU, the Group decided to revalue its land and buildings, using their fair value at the transition date as deemed cost.

This revaluation was recognised directly with a charge to equity. Decreases are charged to the income statement. When revalued assets are subsequently sold or withdrawn from use, the excess in the transition reserve for first application of EU-IFRS is transferred to retained earnings.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group. All other costs are expensed when incurred.

Fixtures and fittings in bingo halls are depreciated over the shorter of the lease term or the depreciation period used for this asset category.

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful life of each component of property, plant and equipment. Items of property, plant and equipment are depreciated from when they are ready for their intended use. Land is not depreciated.

The depreciation rates applied are as follows:

	<u>Annual depreciation rate</u>
Leisure, gaming and sports betting machines	10% - 30%
Furniture, fittings and equipment	7% - 30%
Computer hardware	10% - 30%
Vehicles	10% - 30%
Structures and buildings	2% - 3%
Work on leased premises	10% - 30%
Plant and machinery	7% - 30%

These rates are regularly reviewed to ensure their accuracy.

Borrowing costs associated with loans which are directly attributable to the acquisition, construction or production of items of property, plant and equipment are added to the cost of the asset, in accordance with IAS 23.

b. 5.1) Investment properties

These are assets (buildings, land) earmarked for the obtention of rental income. These assets are not intended for sale or for administrative use. The Group recognises real-estate investments using the cost model, applying the same policies as those mentioned for tangible fixed assets, depending on the category of asset concerned.

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b.6) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed and any non-controlling interest in the acquiree. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill is carried at the amount recognised on the acquisition date less any accumulated impairment losses. Goodwill is not amortised but is allocated to cash-generating units for the purpose of impairment testing. Goodwill is allocated to cash-generating units which coincide, in general, with the Group's operating segments, which in turn correspond to geographical areas, as the cash-generating units comprising business lines (gaming machines, bingo halls, betting and casinos) do not provide sufficiently detailed information to allow individual analysis, given that a range of different types of operations usually take place in the same location, with gaming and betting machines frequently being installed in bingo halls and casinos (note 6).

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of goodwill is compared to the recoverable amount, which is the higher of value in use and fair value less costs to sell. Any impairment loss is recognised immediately as an expense and is not subsequently reversed.

b.7) Impairment of non-financial assets

Assets with indefinite useful lives, such as goodwill, are not subject to depreciation/amortisation and are tested annually for impairment. Assets subject to amortisation/depreciation are tested for impairment provided that an event or change in circumstances indicates that their carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

b.8) Financial assets

Financial investments classified as held for trading are recognised at fair value; changes in fair value are recognised in the consolidated income statement. Fair value is the market price at the balance sheet date.

Loans, receivables and financial investments which the Group has the positive intent and ability to hold to maturity are carried at amortised cost less any impairment losses.

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Other financial investments held by the Group are classified as available-for-sale and are carried at fair value with any resulting gains or losses recognised directly in other comprehensive income. When these investments are sold, the accumulated fair value adjustments recognised in equity are included in the income statement.

Where there is no benchmark price in an active market for an available-for-sale investment and there is no alternative method for determining its fair value, the investment is carried at cost less any impairment losses.

Loans and receivables maturing within 12 months from the balance sheet date are classified in the consolidated balance sheet as current assets and those maturing after twelve months, as non-current. The Group recognises provisions for the impairment of loans and receivables when there is sufficient evidence to reasonably classify these assets as doubtful debts.

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset.

b.9) Inventories

Inventories correspond mainly to bingo cards and hospitality stocks. They are carried at the lower of acquisition cost or net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling costs and other sales expenses.

The Group assesses the net realizable value of inventories at the end of the year, and records any value adjustment required when they are overstated against income. When the circumstances that previously caused the value adjustment cease to exist, or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the adjustment is reversed.

b.10) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in payment terms or economic conditions that correlate with defaults.

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For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical option, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

b.11) Derivative financial instruments and hedging activities

The Group regularly enters into contracts to hedge its exposure to exchange rate risk. The risk identified relates to the impact of exchange rate fluctuations on its operations in Argentina and Mexico, which represent a significant percentage of the Group's total sales.

The purpose of these hedge arrangements was to cover a significant portion of the Group's consolidated sales. These hedging arrangements were designed to mitigate the impact of changes in the aforementioned exchange rates with a view to minimising variability in the Group's consolidated revenue reported in euro. There are no hedges outstanding at 31 December 2015 or 2014.

b.12) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Receivables due for collection within one year are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

b.13) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts are recognised on the consolidated balance sheet as financial liabilities on amounts owed to financial institutions.

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b.14) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or sold. When these shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

b.15) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

b.16) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan when it is probable that some or all of the facility will be drawn down. In this case, the fees are deferred until the draw-down occurs. If it is not probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

b.17) Current and deferred income tax

Tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates the positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, recognising provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

b.18) Employee benefits

- Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement age, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises these benefits on the earliest of the following dates: (a) when the Group can no longer withdraw the offer of such indemnities; or (b) when the entity recognises the costs of a restructuring under IAS 37 and this entails payment of severance indemnities.

When an offer of termination benefits is made to encourage voluntary redundancy, the amount recognised is based on the number of employees expected to accept the offer. The benefits that are not to be paid in the twelve months following the balance sheet date are discounted to their present value.

- Bonuses

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

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- Retirement bonuses

Retirement bonuses are recognised at the amount accrued at the balance sheet date by those companies obliged to make such payments under applicable collective bargaining agreements.

- Share-based payments

The Group has considered compensation with share-based payments by virtue of the Lock-up agreement whereby the Company receives services from employees and external advisors as consideration in exchange for Group equity instruments after the financial restructuring. The fair value of the employee received from employees and external advisors in exchange for these options is recognised as an expense. The total expense is determined by reference to the fair value of the shares granted, bearing in mind, among other questions, the accrual period, vesting date, and probability of compliance with the vesting conditions. (Note 3.e).

b.19) Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Contingent liabilities, meanwhile, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the consolidated companies. Contingent liabilities are not recognised in the financial statements but are detailed in the notes to financial statements (note 22).

Amounts recognised in respect of tax provisions are included in the income statement as a function of the nature of the related tax.

b.20) Revenue recognition

Revenue is recognised on an accrual basis, i.e., when earned, regardless of when actual collection occurs.

The Group recognises revenue as follows:

- Gaming machines: the net amount collected including associated gaming taxes.
- Bingo halls: the total face value of the cards sold less winnings paid out, which are recorded as a deduction from revenue.
- Casinos: the net takings collected by the operator.
- Racetracks: the total amount of the bets placed, less winnings paid out.
- Betting: the net takings collected by the operator.

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Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

Dividend income is recognised when the right to receive payment is established.

b.21) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group leases certain items of property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

b.22) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Parent by the weighted average number of ordinary shares in issue during the year, excluding any treasury shares held by the Group.

3. Financial risk management targets and policies

a) Sources of funding and gearing policy

The Group's main financing instruments comprise credit lines, bank loans, bond issues and finance and operating leases.

The Group generally obtains third-party financing for the following purposes:

- To finance the operating needs of the Group companies.
- To finance investments under the Group's business plan.

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With regard to its capital structure, the Group's borrowings can be classified into two tiers of seniority:

- Firstly, senior debt, with a range of maturities, contracted with Spanish and international investment funds.
- Secondly, bonds, the payment of which is, in some cases, subordinate to payment of the senior debt; these bonds mature in 2015 and 2019 and are held by international financial investors. Under the expected terms of the new debt included in the Lock-up Agreement and described in Note 3.f), the new bonds to be issued by the Group will mature in five years and three months from the date of issue.

The Group's general leverage policy is to maintain leverage within certain multiples of its EBITDA, consolidated cash flows and debt servicing commitments. In view of the current nonfulfillment of financial commitments (Note 2.a.1)), this policy will be affected by the final outcome of the agreements described in Note 3.f).

b) Group's main risk factors

The Group's main risk factors include those related to the gaming sector in which it operates (regulatory risk, the gaming sector being a highly regulated sector, risks associated with public perceptions of the gaming sector and the risk of increased competition) and risk factors that are specific to the Group. The latter include political, economic and monetary risks associated with international operations, litigation risks, risks deriving from the Group's indebtedness, risks associated with relying on third parties where the Group does not hold the gaming licences which it operates, risks deriving from its growth strategy, concentration risk in the supply of gaming machines in Spain, the risk of being unable to offer secure gaming products or ensure the integrity and security of business lines, and the risks associated with operating in alliances with third parties in some of our operations.

c) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. At 31 December 2015 and 2014, the Group did not use any hedging instruments.

Risk management is overseen by the Group's Central Treasury Department in accordance with the policies approved by the Board of Directors. This Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, liquidity risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

c.1) Market risk

Foreign exchange risk

The Group has significant investments in countries whose currency is not the euro; exposure to the Argentine and Mexican pesos stands out. The Group companies transact primarily in their respective functional currencies.

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The Group's general policy is to minimise asset and liability currency mismatches so that currency devaluations would not have a significant impact on the Group's financial situation.

During 2015 no hedging instruments have been arranged, for the following reasons:

- De-facto restrictions on the repatriation of funds from Argentina. Argentina is one of the main generators of cash for the Group.
- Reduction in flows of funds from foreign subsidiaries to the parent company.

For the purposes of IFRS 7, market risk disclosures must include sensitivity analyses showing the effects of hypothetical changes in relevant risk variables on profit or loss and equity. Currency risks within the meaning of IFRS 7 arise from monetary financial assets and liabilities denominated in a currency other than the functional currency of a given company. Exchange differences arising on the translation of financial statements into the Group's presentation currency are not taken into account in subsequent sensitivity analysis.

The impact on profit or loss and equity of changes in the Group's most relevant exchange rates with respect to the year-end rates are shown in the following table (thousand euro):

Currency	Exchange rate at 31.12.2015	Euro loses 10%		Euro gains 10%		Thousand euro
		Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity	
ARS/EUR	14.2097	122	-	(122)	-	-
BRL/EUR	4.2512	-	1,880	-	(1,880)	-
COP/EUR	3428.8280	98	-	(98)	-	-
USD/EUR	1.0887	813	-	(813)	-	-
UYU/EUR	32.6044	(294)	-	294	-	-
MXN/EUR	18.8778	88	1,050	(88)	(1,050)	-

Currency	Exchange rate at 31.12.2015	US Dollar loses 10%		10% dollar appreciation		Thousand euro
		Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity	
ARS/USD	13.0400	(176)	(559)	176	559	-
BRL/USD	3.9048	-	3,265	-	(3,265)	-
COP/USD	3149.4700	(152)	-	152	-	-
MXN/USD	17.3398	12,863	37,050	(12,863)	(37,050)	-
UYU/USD	29.9480	4,399	-	(4,399)	-	-
EUR /USD	0.9185	(22,164)	(37,947)	22,164	37,947	-

Currency	Exchange rate at 31.12.2014	Euro loses 10%		Euro gains 10%		Thousand euro
		Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity	
ARS/EUR	10.4074	(2,463)	-	2,463	-	-
BRL/EUR	3.2249	-	1,744	-	(1,744)	-
COP/EUR	2904.44	23	-	(23)	-	-
USD/EUR	1.2141	275	-	(275)	-	-
UYU/EUR	29.5864	(443)	-	443	-	-
MXN/EUR	17.8895	561	968	(561)	(968)	-

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Currency	Exchange rate at 31.12.2014	Thousand euro			
		US Dollar loses 10%		10% dollar appreciation	
		Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
ARS/USD	8.5510	3,772	(477)	(3,772)	477
BRL/USD	2.6562	36	2,729	(36)	(2,729)
COP/USD	2392.46	(197)	-	197	-
MXN/USD	14.7348	4,267	34,615	(4,267)	(34,615)
UYU/USD	24.3690	4,179	-	(4,179)	-
EUR /USD	0.8237	(9,075)	(36,974)	9,075	36,974

Price risk

As a gaming operator, and as it does not hold investment securities classified as available for sale or at fair value through profit or loss, the Group is not exposed to this type of risk except in certain one-off cases such as the option to purchase certain for which a specific appraisal is carried out on the basis of the circumstances involved.

Interest rate risk

The Group has issued fixed-coupon bonds in international markets with face values of 760 million euros and 300 million US dollars. The rest of the Group's financial debt which totalled approximately 224 million euros at 31 December 2015, is mostly benchmarked to variable interest rates (Euribor/Libor/the Mexican Interbank Equilibrium Interest Rate).

Given this capital structure, and as bonds issued at fixed rates represent almost 85% of the Group's current worldwide indebtedness, the Group's exposure to this type of risk at the balance sheet was moderate, as is its potential impact on profit or loss.

Sensitivities to interest rate movements are detailed below:

Item	Increase (+) / decrease (-) in interest rates (basis points)	Thousand euro	
		2015	2014
Effect on profit or loss after tax effect			
	+50	(627)	(970)
	-50	627	970
Effect on equity			
	+50	(627)	(970)
	-50	627	970

Distribution of unallocated income

On the basis of amendments to the Corporate Income Tax Law in Argentina of 23 September 2013 concerning the treatment of transactions involving the purchase and sale of shares, stocks, bonds and other securities and the payment of dividends in cash or in kind, a 10% tax was established on dividends paid by local companies (irrespective of their corporate structure).

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This withholding is in addition to the 35% withholding as a single and definitive payment stipulated by the (numberless) article included after Article 69 in the Corporate Income Tax Law and which would be applied to payments of dividends by local companies only when the dividend in question is higher than the taxable income accumulated at the end of the fiscal year immediately preceding the date of payment, in which case the 35% withholding would be applied on the surplus.

In this respect, since 2014 the Group has followed a policy of repatriating dividends of the subsidiaries in Argentina, considering as distributable those reserves which would be subject to the 10% charge and assuming that the repatriation of dividends out of reserves that exceeded the above-mentioned limit is remote due to the cost it would involve.

c.2) Credit risk

The Group's main financial assets which are exposed to credit risk are:

- Investments in financial assets included in cash and cash equivalents (notes 16 and 24).
- Non-current financial assets (note 11).
- Balances with customers and other receivables (note 15).

The Group's overall exposure to credit risk is made up of the balance of the above items.

The Group has established internal rules to minimise the risks associated with investments in financial products and the use of financial derivatives. The counterparties must be credit entities with high credit ratings awarded by recognised international ratings agencies. The Group's management also establishes investment and contracting ceilings which are regularly reviewed.

In the case of transactions in countries whose economic and socio-political situation preclude high credit ratings, the Group generally uses the branches and subsidiaries of foreign entities who meet or come close to meeting the required criteria, or larger local entities.

Maximum exposure

The Group's exposure to credit risk, mitigated by its own revenues, is mainly attributable to trade receivables on ordinary operations, principally advances paid to the owners of food and drink establishments against their share of the proceeds from the gaming machines located in their premises and balances receivable from the CIE Group companies. The amounts recorded in the consolidated balance sheet, net of provisions for bad debts, were 81,419 thousand euros and 63,240 thousand euros at 31 December 2015 and 2014, respectively.

Provisions for bad debts are determined based on the best available information at the time the financial statements are drawn up and are re-estimated at the year end on an individualised basis, according to the following criteria:

- The age of the debt.
- The existence of insolvency proceedings.
- An analysis of the customer's ability to repay the amount owed.

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The provisions for receivables impairment at 31 December 2015 and 2014 are disclosed in Note 15. These provisions represent the Group's best estimate of the losses incurred in respect of its receivable balances.

The Group's maximum exposure to credit risk at 31 December 2015 and 2014, broken down by type of financial instrument, is as follows:

	Thousand euro	
	2015	2014
Trade receivables	81,419	63,240
Cash and cash equivalents	110,326	86,672
Other financial assets	42,750	35,988
	234,495	185,900

c.3) *Liquidity risk*

Liquidity risk is defined as the risk of the Group being unable to satisfy its obligations on time and/or at a fair price.

The Group's Finance Department manages and handles liquidity and financing. Liquidity and financing risks related to processes and policies are also overseen by this department.

In general, the Group manages its liquidity risk on a consolidated basis, taking into account the needs of its companies, taxes payable, capital requirements and multiple regulatory considerations, using a wide range of sources of financing to maintain flexibility. The Finance Department uses rolling forecasts of the Group's cash flows to control its net liquidity position. The Group deposits its cash and cash equivalents with the leading regulated entities.

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The table below shows how the Finance Department manages net liquidity, based on the contractual cash flows and the remaining period to the contractual maturity date of the Group's financial assets and liabilities, excluding trade receivables and payables, at 31 December 2015 and 2014:

	Thousand euro				
	Balances at 31/12/2015	Between 01/01/2015 and 31/03/2016	Between 01/01/2016 and 31/12/2016	Between 01/01/2016 and 31/12/2017	Between 01/01/2016 and 31/12/2021
Current assets					
Short-term investment securities	2	2	2	2	2
Cash and cash equivalents	110,326	110,326	110,326	110,326	110,326
Total current assets	110,328	110,328	110,328	110,328	110,328
Non-current liabilities					
Bonds, debentures and other marketable securities	-	-	-	-	-
Non-current bank borrowings	76,375	-	-	22,788	76,375
Total non-current liabilities	76,375	-	-	22,788	76,375
Current liabilities					
Short-term debentures and bonds	1,276,209	1,276,209	1,276,209	1,276,209	1,276,209
Current bank borrowings	147,496	133,588	147,496	147,496	147,496
Total current liabilities	1,423,705	1,409,797	1,423,705	1,423,705	1,423,705
Net liquidity	(1,389,752)	(1,299,469)	(1,313,377)	(1,336,165)	(1,389,752)

	Thousand euro				
	Balances at 31/12/2014	Between 01/01/2015 and 31/03/2015	Between 01/01/2015 and 31/12/2015	Between 01/01/2015 and 31/12/2016	Between 01/01/2015 and 31/12/2020
Current assets					
Short-term investment securities	106	106	106	106	106
Cash and cash equivalents	86,672	86,672	86,672	86,672	86,672
Total current assets	86,778	86,778	86,778	86,778	86,778
Non-current liabilities					
Bonds, debentures and other marketable securities	-	-	-	-	-
Non-current bank borrowings	89,299	-	-	30,400	89,299
Total non-current liabilities	89,299	-	-	30,400	89,299
Current liabilities					
Short-term debentures and bonds	1,141,915	1,141,915	1,141,915	1,141,915	1,141,915
Current bank borrowings	160,976	139,718	160,976	160,976	160,976
Total current liabilities	1,302,891	1,281,633	1,302,891	1,302,891	1,302,891
Net liquidity	(1,305,412)	(1,194,855)	(1,216,113)	(1,246,513)	(1,305,412)

The tables above do not include cash flows from the Group's operating activities or the repayment of debt or contractual payment of interest in the periods indicated. Interest due and payable for FY 2015 and FY 2014 on bonds issued by Codere Finance (Luxembourg), S.A. amount to 240.6 and 134.8 million euros, respectively. These bonds account for almost 85% of the Group's current financial debt.

This risk is also managed by carefully monitoring the maturities of the Group's various sources of financing (as detailed in note 19) together with the proactive management and maintenance of sufficient credit lines to cover the Group's liquidity requirements.

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As mentioned in Note 2.a.1), the procedure known as “Scheme of Arrangement” provided for under the UK Companies Act, the purpose of which is to obtain judicial authorisation to implement the Restructuring, was authorised by the competent English courts and the competent courts of New York on 22 December 2015, as from which date the Scheme is considered to be fully effective.

At the date of these consolidated financial statements, Codere and its creditors are approaching completion of the Restructuring process, which is expected to become effective in the coming months.

d) Capital management

The Group's objectives when managing capital are to safeguard its ability to continue to manage its recurring business activities and to continue to grow through new projects, by optimising the capital structure in order to create value for shareholders.

In general, the Group finances its development based on three main pillars:

- Internally-generated cash flows from the Group's recurring businesses.
- Tapping the opportunities for growth through investments in new projects funded largely by project finance, thereby feeding the Group's growth capacity in its recurring activities.
- An asset turnover policy focused on the sale of mature projects in order to continue financing investments in new projects

At 31 December 2015, the Group presented equity attributable to the owners of the parent company of a negative 609,658 thousand euros, an increase of 160,528 thousand euros with respect to the figure recognised at 31 December 2014. This increase is mainly attributable to the 113,192 thousand euro loss recognised in 2015 and the negative variation in currency translation differences of 48,466 thousand euros.

The combination of negative equity and the liquidity difficulties explained in Note 2.a.1 mean that the Group's capital management policy is seriously affected by the situation of uncertainty. The return to normal conditions will only be possible if the agreements described in Note 3.f) are enforced in a satisfactory manner.

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e) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs) (Level 3)

The following table presents the Group's assets and liabilities that are measured at fair value:

Assets /(liabilities) (Level 2)	Thousand euro	
	2015	2014
Reserve for options	(3,433)	(4,454)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of available observable data inputs and rely as little as possible on entity-specific estimates. If all the significant inputs required to calculate an instrument's fair value are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments carried at fair value are the following:

- The fair value of the option on the sale of shares to various Codere directors is calculated taking into account the volatility of the security, the redemption value of the loans and other factors.

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Fair value of financial assets and liabilities at amortised cost

The information available in financial sources on the market value of the bonds issued (Existing Notes) by the Group at 31 December 2015 indicates a value of 759,745 thousand euros (640,285 thousand euros at 31 December 2014). However, the Group considers that the figure indicated by the financial news agencies (such as Reuters or Bloomberg) as market value is not representative of the fair value of said instruments as indicated in the report by the financial advisor Houlihan Lokey (financial advisor of the ad-hoc Bondholder Committee). There are various reasons for which they cannot be regarded as such. Firstly, the bond market is an over the counter market. In an over the counter market prices are negotiated privately and confidentially by the parties based on their own criteria and interests, with no obligation to report the results or the conditions of the transactions. Accordingly, there is no official quoted bond price and the prices reported by the various sources might not reflect the actual prices at which the transactions have been performed, nor represent the transactions carried out as a whole. Secondly, the bond market shows a minimum liquidity following the conclusion of the Lock-Up Agreement because, although that information is not public, the changes in ownership of the bonds covered by the Lock-Up must be reported to the designated agent in order to ensure that the obligations undertaken when signing the Lock-Up Agreement by the former holders are fulfilled.

The Group considers that the fair value of the bonds existing at 31 December 2015 is determined by the Restructuring of said bonds described in Note 3 f). Therefore, the fair value will comprise the following items:

1. Fair value of the New Bonds swapped: the fair value coincides with their nominal value, amounting to 519.9 million dollars (equivalent to 475 million euros at the agreed exchange rate ruling on 10 December 2015).
2. Fair value of 97.78% of the shares in Codere, S.A.: The Group considers, based on its financial advisors' analysis, that the quoted share price is not representative of the share's fair value for the following reasons:
 - High volatility together with low liquidity ("free float" of 30%).
 - Low coverage by analysts.
 - High degree of subjectivity in the price due to the Group's "distress" situation.
 - Unique characteristics of the shares that will be issued in the capitalisation process, which will be subject to certain transfer restrictions.

In view of the foregoing, the Group has performed an exercise to determine the fair value of Codere, S.A. shares based on the financial projections existing in the Company, which has resulted in a range of approximately 225 to 325 million euros for 100% of the shares, significantly impacted by fluctuations in exchange rates.

The fair value of the bonds existing at 31 December 2015 is approximately 744 million euros, of which 475 million euros relates to the value of the New Bonds swapped and 269 million at 97.78% of the fair value of the Codere, S.A shares (utilising the median value of the valuation range obtained).

For the senior debt instrument, we consider that its fair value agrees with the nominal value of the debt due to the considerations of the intercreditor agreement between the bondholders and the senior debt holders (which establishes the prevalence of repayment of the debt to the latter) and to the terms of the Restructuring agreement, which ensures full repayment of said instrument.

Likewise, for the remaining financial liabilities, setting aside the effect that the debt renegotiation being carried out by the Group might have, their value at amortised cost, subject to variable market

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conditions and to the lack of risk indications in the subsidiaries that hold these liabilities, does not differ from their fair value.

Once the Restructuring process is completed, management will reappraise its best estimate of the fair value of all these financial liabilities.

Fair value of investment properties

In the case of Centro Banamex, its fair value amounted to 93 million euros according to the valuation performed by a recognised independent expert in 2012. This valuation was made in the context of the acquisition of Icela. However, it has been considered that an ad-hoc valuation for said property that applied objective and comparable property market criteria, would not be in line with the best indicator of the property's fair value as the property is subject to a 50-year government concession (expiring in 2048), with certain conditions for its exploitation as a private service which mean that it is not comparable. The Group has restated the fair value of said property on the basis of estimated future flows according to the lease contract described in Note 8, where both flows and investment commitments are defined under the assumption that the contract will remain in force (with growth and considering a discount rate of 10.16% in line with that used in the asset impairment analysis for the Mexican CGU. The growth rate used to calculate each unit's terminal value is the long-term consumer price index forecast for each country taken from macroeconomic forecasts, which in Mexico's case is 3%. Based on said analysis, the fair value at 31 December 2015 is 79.1 million euros.

All the variables used to develop the fair value method are Level 3.

f) Financial restructuring process

i) Lock-up Agreement and Scheme of Arrangement

On 23 September 2014 a Lock Up Agreement ("LUA") was signed between Codere, S.A., Codere Finance Luxembourg, S.A. and other Codere Group companies with the holders of approximately 96.45%% of the EUR Bonds and 97.47%% of the USD Bonds ("Consenting Noteholders"), the holders of bonds that will insure a new loan agreement and a new bond issue ("Backstop Notes Parties") and the so-called Original Shareholder Parties (José Antonio Martínez Sampedro, Encarnación Martínez Sampedro, Javier Martínez Sampedro, Carmen Martínez Sampedro and Masampe Holding, B.V.).

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The LUA contains the essential terms of the envisaged restructuring of the Codere Group's capital and debt and laid down a term of nine months for the formalisation and notarisation of all the documents required for its implementation, providing for a possible extension of up to a maximum of 11 months if agreed by the parties.

The main features of the agreement are summarised below:

- (a) the Consenting Noteholders agree not to take enforcement action in respect of the existing and anticipated defaults that might take place during the implementation process;
- (b) the Codere Group will not undertake specified material corporate actions without the prior consent of two or more Consenting Noteholders holding in aggregate more than 50% of the Existing Notes by nominal value held by the Consenting Noteholders;
- (c) there are termination provisions under which the Lock-Up Agreement may terminate (or become capable of termination by the parties) if certain specified events occur.

The termination events included in the agreement are the usual ones in agreements of this kind and relate to the failure to comply with schedules not attributable to third parties unrelated to the agreement, the implementation of certain significant actions by the Company without the consent of certain bondholder majorities, insolvency events not envisaged in the agreement itself. etc. Management has evaluated and continues to evaluate these events and concluded that up to the date of preparation of the present 2015 consolidated annual accounts none of them have occurred and there is no evidence that they will arise during the term of the Lock-Up Agreement.

For its part, Codere, through its subsidiary Codere Finance (UK) Ltd., decided to instigate proceedings before the High Court of Justice of England and Wales known as a scheme of arrangement under the UK Companies Act 2006 (the "Scheme") to obtain the necessary judicial authorisation binding on all its creditors to implement the Restructuring and which includes (among other things) the following:

- (a) granting of a 253 million euro senior loan facility which, together with a new notes issue, will replace the existing senior facility and provide financing for future working capital and projects. The facility will have a maturity of five years and will bear interest at the EURIBOR (subject to 1.00% floor) + 7.00% per annum payable in cash.
- (b) New bond issue through a newly incorporated company for 675 million euros (350 million second lien and 325 million third lien). Of the total, 200 million will be issued in cash and 475 million will be exchanged for Existing Notes (150 million second lien and 325 million third lien). These bonds mature in 5.25 years. The second lien bonds will bear interest at 5.5% per annum in cash plus 3.5% PIK (payment in kind) and the third lien bonds will bear interest at 9% per annum PIK.

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- (c) Note capitalisation: existing noteholders will convert part of the outstanding principal and interest in respect of the Existing Notes (in aggregate amounting initially to circa 636 million euros, adjustable on the date of execution based on total interest accrued) into 97.78% of the ordinary issued share capital of Codere, leaving existing shareholders with 2.22%. Since it is a listed company, Codere will be required to file a prospectus for this capital increase with the CNMV for its approval.

Following the capitalisation the Existing Noteholders will re-allocate the shares received such that at completion of the Restructuring the ordinary share capital of Codere will be distributed as follows (stated as a percentage of the total ordinary share capital in issue of Codere), collectively referred to as the "Investor Shareholders":

- (i) 61.2% for Existing Noteholders participating in the New Cash Notes Subscription;
- (ii) 10% for the Backstop Notes Parties (who shall also be entitled to receive a cash backstop fee amounting to 5% of the total amount of the New Cash Notes Subscription);
- (iii) 1% for the Backstop SFA Parties (who shall also be entitled to receive a cash backstop fee amounting to 2% of the total amount of the New SFA);
- (iv) 4% for the holders of 2L Notes; and
- (v) 2% for the holders of 3L Notes.

In addition, to preserve the value of the New Notes and maximise future value creation in the equity of Codere, the Existing Noteholders believed it is of critical importance that José Antonio Martínez Sampedro and Javier Martínez Sampedro (the "Key Executives") invest in restricted shares of the restructured Codere in order to align their economic interests on a permanent basis and thus preserve the Key Executives' continuity of ownership in light of the institutional and governmental relationships considered necessary to the successful continuation of the Group's licensed businesses. Accordingly, as a condition to the Restructuring, each Existing Noteholder will agree to sell and the Key Executives shall agree to purchase 19.58% of the ordinary issued share capital of Codere pro rata to its share of the equity arising from the capitalisation for a fair market post-restructuring value to be determined based on independent expert valuations (not less than 0.5 million euros) and such shares once purchased shall be subject to certain transferability limitations. The purchase price payable to the Existing Noteholders will be fully financed by them pursuant to a purchase note to be issued to them with a 5 year term and subject to other terms and conditions to be agreed, bearing in mind prevailing market conditions.

The percentage shareholdings described above would be further diluted by (a) the subsequent issuance of 2% of the fully diluted equity of Codere to a global coordinator (Silver Point Finance LLC) by way of a fee for its role and (b) the exercise of warrants to be issued to management pursuant to a management incentive package (the "Management Warrants"). Under the provisions of the Scheme, the dilution pertaining to the global coordinator will not take place within the restructuring process, given that a certain percentage has been assigned of the new shares determined by the percentages assigned by the scheme creditors (Note 3.f)ii).

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If exercised, the Management Warrants would result in a further issuance of shares in Codere resulting in a further:

- (i) 5% ownership interest issued to the Key Executives at an exercise price which provides for an implied recovery on the Existing Notes of 100% of all outstanding principal plus all accrued and outstanding interest immediately prior to completion of the Restructuring (the "First Tranche Warrants"); and
- (ii) 5% ownership interest issued to other members of the executive management team (other than the Key Executives) at the same price as the First Tranche Warrants.

The First Tranche Warrants shall expire 18 months after completion of the Restructuring.

The agreed Restructuring also envisages the formation of a new subsidiary 100% owned by Codere, S.A. to which the parent company would have to transfer all its equity, in accordance with Article 72 of Law 3/2009 on Structural Changes in Business Corporations. This transaction responds to the change in the scheme of guarantees required by the noteholders to carry out the Restructuring and must be approved by the shareholders of Codere, S.A. at an extraordinary general meeting.

Once the Restructuring is completed the composition of the Company's Board of Directors will be altered together with certain aspects of the corporate governance scheme. Among other measures, the Key Executives will have the option to launch a sale process in respect of their shares in Codere or buy process of the shares held by the Investor Shareholders in certain circumstances (being termination of the executive role of José Antonio Martínez Sampedro or Javier Martínez Sampedro (other than for cause) or rejection of material proposals put forward to the board on material corporate actions relating to certain regulatory or licensing aspects of the group's business, a "Trigger Event") within 30 months from completion of the Restructuring. In that scenario, within the 6 months immediately after a Trigger Event, the Key Executives may propose an option price (the "Option Price") and Codere or, if not possible for Codere, the members of the Core Equity Group or any other Existing Noteholder that held over 5% of the equity in Codere at completion of the Restructuring and which continues to hold at least that amount of equity at the date the Offer is made, may purchase the shares of the Key Executives. If such option is not exercised, the Investor Shareholders must sell their shares in Codere to the Key Executives at the Option Price and the Key Executives shall be obliged to purchase those shares at the Option Price.

Once the process is completed, Codere will procure its de-listing through launching a de-listing public offer (OPA de exclusión) (a "Take Private Offer") José Antonio Martínez Sampedro, Javier Martínez Sampedro and certain other members of the Martínez Sampedro family agreed not to tender their holdings of shares of Codere in any such Take Private Offer. Those shares acquired by Codere as a result of the Take Private Offer shall be reallocated to the participants in the New Cash Notes.

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ii) Amendment of Lock-up Agreement

On 18 August 2015, certain key aspects of the LUA were amended.

The main amendments are the following:

- (a) The Definitive Termination Date, which is the time limit for implementing the Restructuring under the business terms agreed, has been set as the later of (i) 31 December 2015, (ii) 31 March 2016, providing consent is given by Codere, by 75% of the Participating Bondholders, and by each Backstop Party, and (iii) any later date if consent is given by Codere, each Participating Bondholder and each Backstop Party. The Definitive Termination Date was previously 23 August 2015. On 9 December 2015, it was agreed to extend the Definitive Termination Date to 31 March 2016.
- (b) To facilitate the implementation of the Restructuring and specifically the voting within the Scheme process, the transfer of the Existing Notes by the Consenting Noteholders will be restricted as from the "Record Time" provided for in the Scheme until the finalisation of the Restructuring. The "Record Time" will be determined on a date immediately following the creditors' meeting to be held within the Scheme process.
- (c) The financing of the new "Loan Agreement" will be granted in the form of private bonds ("New Senior Private Notes") instead of in the form of a loan contract. The New Senior Private Notes will amount to 200 million euros rather than 253 million euros (said reduction results from the obtention by the Company of additional financing for its operating liquidity needs). The remaining terms are identical to those included in the original LUA, with a maturity of five years and interest at the Euribor (subject to 1.00% floor) + 7% per annum payable in cash.
- (d) The holders of Existing Notes ("Existing Noteholders") may take part in the New Senior Private Notes only if they also take part in the new 200 million euro bond issue in cash ("New Cash Notes"). The issuance of the New Cash Notes will form part of the joint issue of 675 million euros in new notes (the "New Notes") envisaged in the LUA.
- (e) The New Senior Private Notes and the New Cash Notes are denominated in US dollars. The USD equivalent of the amounts in euro will be determined using the exchange rate applicable on a date close to or coinciding with the "Record Time" (or any other date proposed by Codere and agreed by two or more Consenting Noteholders jointly holding over 50% of the nominal value of the Existing Notes of the Consenting Noteholders and the majority of the Backstop Parties).
- (f) The purchase by the Key Executives of shares owned by the Noteholders, which will represent 19.58% of Codere's share capital, will be paid in cash. The price agreed by the Key Executives and the creditors in 2014 was 0.5 million euros in accordance with the calculation method agreed by these parties, and taking as a basis the independent valuations effected by Duff & Phelps and Deloitte in 2014.
- (g) A "Monitoring Committee" shall be formed (comprising the three Existing Noteholders entitled to receive the highest number of post-Restructuring New Notes, subject to certain additional eligibility criteria) with access to certain information.
- (h) In relation to the Trigger Events that may give rise to the commencement of a share purchase and sale process between the Key Executives and Investor Shareholders (i.e. the Existing Noteholders and the Backstop Parties that receive shares in Codere as part of the Restructuring), said events have been changed such that now (i) they include the termination

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of the service contract of any of the Key Executives on justifiable grounds (this event was previously excluded) and (ii) they exclude the termination by any of the Key Executives without justifiable grounds, subject to certain additional conditions (this event was not previously excluded).

At the date of the present consolidated annual accounts the parties to the agreement are working to define the final documentation for the restructuring operation and comply with all the conditions agreed within the stipulated deadlines; it is not possible to determine whether the process will come to a successful conclusion.

iii) Advances in the Scheme of Arrangement

In relation to the capitalisation of the notes, the following prior steps will be taken:

1. The Scheme creditors (noteholders) will transfer the capitalisable existing notes (totalling approximately 815 million euros at the date of these consolidated annual accounts, adjustable at the date of execution on the basis of total accrued interest) to the Group company issuing said notes, Codere Finance Luxembourg, S.A.
2. As consideration, Codere Finance Luxembourg, S.A. will deliver to the holders of said notes and the global coordinator the equivalent amount (815 million euros approx. at the date of preparation of these consolidated annual accounts, adjustable at the date of execution on the basis of total accrued interest) of the loan agreements between Codere Finance Luxembourg, S.A. and Codere, S.A. (the "Funding Loan Agreements") to be capitalised, on the basis of the following approximate percentages:
 - (i) 61.3% for those creditors that subscribe the cash amount of the new note issue;
 - (ii) 4% for those creditors under the Existing Senior Notes that are holders of the second lien new issue;
 - (iii) 2% for those creditors under the Existing Senior Notes that are holders of the third lien new issue;
 - (iv) 19.6% for those creditors under the Existing Senior Bonds to subsequently sell said shares to the Key Executives;
 - (v) 10% for the entities underwriting the cash subscription of the new second lien note issue (*);
 - (vi) 1% for the entities underwriting the cash subscription of the senior private note issue (*); and
 - (vii) 2.1% for the entity that has acted as global coordinator of all the creditors during the Restructuring process, as the Company is instructed by said creditors that will effect payment by assigning part of their shares to the global coordinator.

(*) plus fees already indicated in paragraph 3.f).i)

Once the above steps have been taken, the capitalisable debt will be capitalised through the issuance of new shares representing 97.78% of the share capital of Codere, S.A. The current shareholders will retain shares representing 2.22% of Codere's share capital.

Finally, once the shares are sold to the Key Executives as described above, the share capital of Codere, S.A. will be distributed as follows (percentages rounded to the nearest decimal):

- (i) 60% for those creditors that subscribe the cash amount of the new note issue;
- (ii) 3.9% for those creditors under the Existing Senior Notes that are holders of the second lien new issue;

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- (iii) 2% for those creditors under the Existing Senior Notes that are holders of the third lien new issue;
- (iv) 19.2% for the Key Executives;
- (v) 9.8% for the entities insuring the cash subscription of the new second lien note issue;
- (vi) 1% for the entities insuring the cash subscription of the senior private note issue;
- (vii) 2% for the global coordinator, and
- (viii) 2.1% for the shareholders existing before the Restructuring.

On 1 September 2015, Codere Finance (UK) Limited ("Codere UK"), the UK subsidiary of Codere, S.A. ("Codere"), as a first step in formalising the commencement of the Scheme process, sent a letter to noteholders confirming that Codere UK intended to secure an order from the English courts to convene a meeting with the Noteholders to vote on the Scheme.

On 29 October 2015 a hearing was held with the competent English court in which Codere UK was authorised to convene a meeting of Note holders in order to allow Noteholders to vote on the approval of the Scheme, in accordance with Section 26 of the United Kingdom Companies Act 2006.

On 14 December 2015, 100% of the Scheme creditors that attended the meeting in person or by proxy (together owning 98.78% of the Notes) approved the Scheme. The exchange rate taken to translate the amounts due in euro was the spot rate published by Thomson Reuters at 17:00h in London on 10 December 2015, this being 1 euro = 1.0947 US dollars. This same rate will be used to determine the US dollar equivalent of the amounts set out in the Scheme, including the principal of the New Senior Private Notes and the New Cash Notes, and the Insurance Commitment of each Backstop Party.

The Scheme was authorised by the competent English courts and the competent courts of New York on 10 December 2015 and 22 December 2015, respectively, as from which date the Scheme is considered to be fully effective.

The Scheme includes certain "scheme completion conditions" which must be fulfilled for the restructuring process to be valid. At the time of writing the following completion conditions were still outstanding:

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- Execution of contracts linked to the Scheme, such as the transfer of loan agreements to be capitalised between Codere Finance Luxembourg, S.A. and Codere, S.A. ("Funding Loan Agreements") to noteholders, or the share purchase agreement by the Key Executives.
- Approval of the capital increase prospectus by the CNMV.
- Delivery by Codere UK of the document describing the use of the funds to the depository thereof.
- Agreement on a market publication document.
- The delivery of the funds into the depository's bank accounts.

iv) Annual General Shareholders' Meeting on 4 December 2015

The Annual General Meeting of shareholders of Codere, S.A. was held on 4 December 2015, at which the following resolutions were adopted:

- Approval of a capital increase of 494,936 thousand euros through the issue of 2,474,678,091 new shares with a par value of 0.20 euros each, in the same class and series as those currently in circulation, to be paid through the capitalisation of debt in order to capitalise the debt-claims derived from the last tranche of the Senior Notes with a nominal value of 760,000 thousand euros and the Senior Notes with a nominal value of 300,000 thousand US dollars issued by Codere Finance Luxembourg, S.A.
- Approval of the incorporation of a new 100% owned subsidiary (Codere Newco, S.A.U.) through the transfer in bloc of the Company's entire assets and liabilities in accordance with provisions of Article 72 of the Law on Structural Modifications in Trading Companies, in the terms of the incorporation project.
- Approval, for the purposes of the provisions of Article 160.f) of the Spanish Companies Act 2010, of the contribution by the Company of the shares in the beneficiary company to be incorporated on the occasion of the operation referred to in the above paragraph, a newly created Luxembourg company ("Luxco 2"); approval of the contribution by the Company of the shares of Luxco 2 to another newly incorporated Luxembourg company; and granting of certain guarantees within the context of the Restructuring.

The above resolutions shall not be effective unless certain conditions concerning the completion of the restructuring process are met, as explained in paragraph 3.f).iii) above.

g) Stand-Still Agreement

At the same time as the Lock-Up Agreement in 2014, Codere and some of its subsidiaries agreed the terms of a separate standstill and cooperation agreement with the lenders under its senior facilities agreement dated 19 October 2007 (as amended from time to time) which is now unconditional and effective upon the effectiveness of the Lock-Up Agreement.

Under this agreement, the lenders agreed not take enforcement action in the contractually stipulated events of default which already existed when the stand-still agreement was signed or which might arise during the Restructuring. For its part, Codere undertook to pay monthly in advance the default interest and fees accrued by the senior facility.

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The agreement also provided for changes in ratio compliance requirements, which were altered as follows:

- Aggregate earnings before interest, taxes, depreciation and amortisation (EBITDA) of the Backstop Notes Parties (Note 19.b), calculated on an unconsolidated basis and excluding inter-group items, must represent not less than 85% of the Group's consolidated EBITDA; and
- Aggregate revenue of the Backstop Notes Parties (Note 19.b), calculated on an unconsolidated basis and excluding inter-group items, must represent not less than 75% of the Group's revenue.

At the end of 2015, the Codere Group complied with both these ratios.

4. Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of estimates (note 13).

To test for impairment, the Group estimates the future cash flows for each cash-generating unit using forecasting models based on applicable operating, financial and macroeconomic indicators. The projections cover a five-year period. From year 5, a terminal value is estimated assuming a constant rate of growth in perpetuity. The first year of the projection period is based on detailed budgets approved by each unit for the next financial year, incorporating any changes arising as a result of significant events occurring after their approval. The projections for the remaining years are based on the performance that can reasonably be expected in accordance with the strategies and plans defined by the Group for each of the markets in which it operates in accordance with their specific characteristics and competitive landscapes.

b) Corporate income tax

The Group is subject to income tax in many tax jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain.

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The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Group recognises tax assets in respect of tax credits when there is convincing evidence that sufficient taxable profit will be available for their utilisation. The Group tests these assets for impairment annually.

In addition, in line with the dividend repatriation policy described in Note 3. c.1), the Group recognises a deferred tax liability associated with the temporary differences for investments in subsidiaries, branches or associates on the basis of its best estimate concerning the expected date of reversal.

c) Fair value of derivatives and other financial assets

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on the market conditions prevailing at the end of each reporting period.

d) Provisions for litigation and other contingencies

The Group has made judgements and estimates in respect of the likelihood of certain risks materialising and the amount thereof, recognising a provision when the risk is considered likely and estimating the resulting cost.

e) Lawsuits in Italy, Mexico and Columbia

(i) Court of Auditors (Corte dei Conti) and AAMS

On 10 May 2007 Lazio's Regional Court of Auditors (Corte dei Conti) requested the management of the Italian gaming authority (hereinafter, the "AAMS") and all gaming license holders, including Codere Network S.p.A., to present evidence concerning the following matters: failure to implement the IT network in the timeframe set; failure to activate the network in the timeframe set; and failure to complete the connection of the network in the timeframe set. Failure to meet minimum service level requirements.

Following various procedural steps by the AAMS, the Court of Auditors ordered an independent expert report to be prepared by the company Digit S.p.A. (a non-profit public body). The report indicated that the concessionaires should not be held liable to pay the amount claimed by the tax authority, and stated that AAMS held the greatest liability for the absence of connection of the machines to the concessionaires' networks within the deadline set for the concession.

However, on 17 February 2012 the Regional Office of the Council of State issued a ruling ordering the 10 concessionaires to pay a fine of 2,500 million euros, of which 115 million euros plus interest pertained to Codere Network. The concessionaires appealed against this ruling and at present the enforcement of the judgement has been suspended.

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In October 2013, the Court of Auditors offered all the concessionaires the option provided for in Italian law of terminating the entire process through the payment of 30% of the amount of the penalty (34.5 million euros in the case of Codere Network).

Finally, in October 2014, Codere Network, S.p.A. filed the payment request with the Court of Auditors and proceeded to pay 36,406 thousand euros, of which 34,500 thousand euros relates to 30% of the penalty and 1,906 thousand euros to the interest accruing since the date of the judgement in first instance. This payment had an impact of 24,542 thousand euros on the 2014 income statement (11,864 thousand euros had been provided for in previous years).

On 6 February 2015 the Court of Appeal issued a judgment ordering the proceedings against Codere Network to be shelved.

(ii) Tax litigation in Mexico

The main tax contingencies affecting Codere Mexico and its subsidiaries are as follows:

- Codere Mexico and one of its subsidiaries are currently undergoing an inspection for years 2008 and 2009 by the Mexican Tax Administration Service. In December 2014 a notification was received of the rejection of an appeal filed by Codere Mexico in relation to the inspection assessment issued in 2012 which resulted from the disallowance of the deduction of certain losses due to exchange rate fluctuations in 2008. In March 2015, Codere filed an appeal with the Mexico Federal Fiscal and Administrative Court of Justice.
- Claim by the Mexican Tax Administration concerning an import of machines by Codere in 2009 and 2010 in which penalties are demanded due to the nonfulfillment of official Mexican regulations on machinery imports. In October 2015 the Group filed an appeal with the Collegiate Tribunal for administrative matters of the First Circuit.
- Claim by the Mexican Tax Administration concerning the failure to pay gaming tax (IEPS) on certain bank deposits. In August 2015, Codere filed an appeal with the Mexico Federal Fiscal and Administrative Court of Justice.
- Claim by the Finance Secretariat of the Federal District of Mexico in relation to the non-payment of local tax on prizes paid and the incorrect reduction of the prizes in the calculation of the tax base.

In the case of the last three contingencies, to instigate nullity proceedings against the assessment, guarantees need to be presented to the Mexican Tax Administration Service (Note 22).

The claims associated with these proceedings amount to a maximum of approx. 55 million euros. On the basis of reports from its legal advisers, the Group's directors consider that the provisions made to cover the risks associated with the Mexican operations are sufficient and adequate (Note 18.1).

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(iii) Gaming taxes in Columbia

In the second half of 2009 the Codere Group agreed with the Colombian authorities to terminate a dispute over gaming taxes in arcades operated by Codere and owned by third parties during financial years 1995 to 1997. Codere Colombia paid 1,700 million Colombian pesos (0.6 million euros) to the Colombian authorities under the agreement referred to in Article 77 of Law 1328/2009, whereby the Colombian tax authorities considered the case to be terminated, confirming that Codere Colombia had complied with the applicable regulations.

In May 2010, the Constitutional Court of Colombia ruled that article 77 of Law 1328 was unconstitutional.

On 26 September 2013, the Council of State issued a ruling claiming payment from Codere Colombia. On 19 December 2013, Codere Colombia filed an extraordinary appeal for review before the Council of State requesting the annulment of the judgment against Codere Colombia. Based on the opinion of the Company's legal advisers, a provision was recorded at the end of 2013 to cover this risk in the amount of 4,300 million Colombian pesos (equivalent to 1.3 million euros at 31 December 2015).

In 2015, the Colombian tax authorities notified Codere Colombia, S.A. of the possibility included in Law 1739 of December 2014 which related to the payment of the full amount of the tax obtaining an 80% discount. In May 2015 Codere Colombia accepted said option and paid 3,543 million pesos (equivalent to approximately 1 million euros).

On 2 December 2015 the Constitutional Court issued a judgement declaring Law 1739 of December 2014 to be unconstitutional. Based on the opinion of its legal advisers, the Company considers that this judgement will be effective for future purposes only and will not impact the option taken up by the Group.

f) Impacts of Lock-Up Agreement and Scheme

As a result of the Lock-Up Agreement (and subsequent amendment) and the Scheme described in Note 3.f) and g), certain obligations have arisen the recognition of which at 31 December 2015 requires certain estimates, which are described below:

- First tranche of Warrants to Key Executives consisting of 5% of new shares whose issue price will be calculated based on a valuation by the Company which assumes the implicit recovery of all the amounts owed to the existing bondholders before the Restructuring is completed.

As the fair value of the services received cannot be reliably estimated, the best reference is the fair value of the equity instruments granted. In view of the remote likelihood of occurrence as a key variable, a value of zero has been determined.

With reference to the second tranche of warrants described in Note 3.f, as the terms and definitions relating to the parties that will be the beneficiaries of such remuneration have not been defined, they have not been valued (although their exercise price will be similar to that of the first tranche).

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In relation to the Global Coordination Fee, the LUA provided for a “coordination fee” payable via the issuance of 2% of post-restructuring capital, also recognising that this fee covered services rendered since May 2013. The Scheme has modified these terms and established that a certain percentage of the new shares will be assigned to the Global Coordinator, as explained in Note 3.f. The Codere Group is therefore unaffected by this distribution and it does not entail any obligation for the Codere Group.

g) Italian Stability Law

The Stability Law enacted in Italy on 29 December 2014 included the implementation of a new tax for 2015 on gaming companies in Italy amounting to 500 million euros per annum. The annual payment, as from 2015, was to be distributed among the 13 network concession holders based on the number of interconnected machines of each operator. Codere Network, S.p.A will be required to pay 22 million euros according to a report published by the AAMS dated 15 January 2015. This amount will be distributed among all participants in the value chain of Codere Network, S.p.A.

Of the 22.4 million euros corresponding to Codere Network, S.p.A., 12.9 million euros has been paid to the AAMS at the date of these financial statements, and approximately 9.5 million euros has yet to be collected and paid in. The Group considers, based on the opinion of its legal advisers, that the outstanding amount is not the responsibility of Codere Network, S.p.A and the obligation to assume payment rests with the other participants in the value chain of Codere Network, S.p.A. which are not Codere Group companies.

The Italian companies in the Codere Group also paid a total of 1.4 million euros with respect to taxes under the Stability Law for machines connected to other concessionaires.

h) Significant non-controlling interests

Due to the entry into force of IFRS 12, the Codere Group has defined as relatively significant non-controlling shareholdings all those non-controlling shareholdings whose assets (assets being understood as the percentage minority interest in the aggregate assets of the sub-group in which they hold an interest) represent more than 5% of the consolidated Group's total assets.

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In addition, other specific qualitative issues will be taken into account such as the sensitivity of a minority interest to a specific shareholding, significant non-recurring impacts, etc., when defining a material non-controlling interest. These circumstances are reappraised by Management on an annual basis.

Condensed financial information on non-controlling interests at 31 December 2015	Thousand euro	
	Icela S.A.P.I. de C.V.	Grupo Caliente S.A.P.I. de C.V.
Intangible assets	166,993	84,907
Property, plant and equipment	133,554	30,780
Investment properties	64,607	-
Deferred tax assets	3,113	12,960
Other non-current assets	565	1,191
Cash and cash equivalents	13,141	4,349
Profit/(loss) for the year	19,589	(68,419)

Condensed financial information on non-controlling interests at 31 December 2014	Thousand euro	
	Icela S.A.P.I. de C.V.	Grupo Caliente S.A.P.I. de C.V.
Intangible assets	182,136	97,839
Property, plant and equipment	158,471	38,527
Investment properties	70,451	-
Deferred tax assets	4,052	10,968
Other non-current assets	1	1,218
Cash and cash equivalents	12,542	1,998
Profit/(loss) for the year	11,247	(75,119)

Set out below are non-cancellable commitments referring to operating leases at 31 December 2015 of the two companies mentioned above:

	Thousand euro		
	Total future		
	Within 1 year	Between 1 and 5 years	More than 5 years
			payments
Total non-cancellable commitments	6,655	8,863	-
			15,518

During 2015, dividends were paid to the owners of non-controlling interests totalling 1,680 thousand euros.

5. Segment information

Operating segments are determined on the basis of the reports used by the Board of Directors to make strategic decisions. The Group segments its businesses by geographical region as well as by activity. Operating businesses are organised and managed separately in each geographical area where the Group operates, each country being a strategic unit of activity involved in a range of activities and serving various markets.

The Group manages its operations by business line and separately monitors the operating results from gaming machines, bingo halls, betting establishments, casinos and head office expenses.

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Nevertheless, on occasions different types of operation converge within the same business line, as gaming machines are also installed in bingo halls and casinos. For this reason, the management information used for taking operational decisions is based on consolidated profits in each segment, as broken down in a) below.

As it is not possible to separate the costs of these activities, the Group treats each geographical area in which it operates as an operating segment.

The main operating segments and their trading activities are:

- Spain: gaming machines, bingo halls, betting establishments and self-service terminals in food and drink establishments.
- Italy: Gaming machines, gaming machine network operators and bingo halls.
- Mexico: bingo hall operations, including electronic bingo terminals and gaming machines. In Mexico, the Group also operates betting agencies, the Las Américas racetrack and the Centro Banamex conference building.
- Argentina: bingo halls with gaming machines.
- Colombia: gaming machines, bingo halls and casinos.
- Uruguay: Transactions of Casino Hotel Carrasco and holding in HRU.
- Panama: racetracks, gaming machines, casinos and betting agencies.
- Brazil: betting agencies.
- Head offices: management and operational support services.

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a) Operating segments

Income statement at 31 December 2015	Spain	Mexico	Argentina	Colombia	Italy	Uruguay	Brazil	Panama	Head offices	Internal operations (*)	Total
Operating income											
Revenue from external customers	155,884	355,302	681,753	28,653	284,210	27,857	2,415	103,434	16	-	1,639,524
Intra-segment revenues	-	-	-	-	-	-	-	-	42,313	(42,313)	-
	155,884	355,302	681,753	28,653	284,210	27,857	2,415	103,434	42,329	(42,313)	1,639,524
Operating expenses											
Depreciation and amortisation	(19,066)	(50,788)	(15,665)	(3,535)	(16,514)	(2,834)	(492)	(12,001)	(1,220)	-	(122,115)
Change in business operations	338	(2)		(6)	(315)	(25)	-	(31)	(87)	-	(128)
Other operating expenses	(129,695)	(252,594)	(511,821)	(20,603)	(256,179)	(30,844)	(3,783)	(88,447)	(90,888)	-	(1,384,854)
Asset impairment	-	-	-	4,820	(7,941)	-	-	-	-	-	(3,121)
	(148,423)	(303,384)	(527,486)	(19,324)	(280,949)	(33,703)	(4,275)	(100,479)	(92,195)	-	(1,510,218)
Profit/loss on retirement or disposal of assets	(423)	(4,416)	-	47	(109)	-	-	(6)	-	-	(4,907)
Intra-segment expenses	(1,558)	(11,173)	(23,863)	(1,157)	(1,294)	(100)	-	(3,168)	-	42,313	-
OPERATING PROFIT/(LOSS)	5,480	36,329	130,404	3,399	1,858	(5,946)	(1,860)	(219)	(49,866)	-	124,399
External financial income	181	1,128	272	43	239	8	2	129	1,555	-	3,557
Intra-segment financial income	-	-	-	-	-	-	-	-	54,364	(54,364)	-
External financial expenses	(2,385)	(7,439)	(3,568)	(254)	(159)	(3,300)	(56)	(706)	(117,397)	-	(135,264)
Inter-segment finance costs	623	(43,620)	252	156	(6,252)	(579)	(4,118)	(826)	-	54,364	-
Change in investment provisions	(32)	-	-	-	(45)	-	-	-	(21,088)	-	(21,165)
Net gains/(losses) on exchange	(2)	(25,835)	(550)	210	-	(8,083)	(461)	826	(16,574)	-	(50,469)
NET FINANCIAL INCOME/(EXPENSE)	(1,615)	(75,766)	(3,594)	155	(6,217)	(11,954)	(4,633)	(577)	(99,140)	-	(203,341)
PROFIT/(LOSS) BEFORE INCOME TAX	3,865	(39,437)	126,810	8,374	(4,359)	(17,900)	(6,493)	(796)	(149,006)	-	(78,942)
Corporate income tax	(1,538)	(10,568)	(47,699)	(1,000)	(2,895)	(3)	(580)	700	363	-	(63,220)
Equity method	-	(107)	-	-	(256)	3,079	-	-	-	-	2,716
PROFIT/(LOSS) FOR THE YEAR	2,327	(50,112)	79,111	7,374	(7,510)	(14,824)	(7,073)	(96)	(148,643)	-	(139,446)
CONSOLIDATED PROFIT / (LOSS)											
Attributable to:											
External shareholders	1,108	(22,802)	1,418	44	(325)	(4,766)	-	(931)	-	-	(26,254)
Parent company shareholders	1,219	(27,310)	77,693	7,330	7,185	(10,058)	(7,073)	835	(148,643)	-	(113,192)
CONSOLIDATED PROFIT/(LOSS)	2,327	(50,112)	79,111	7,347	(7,510)	(14,824)	(7,073)	(96)	(148,643)	-	(139,446)

(*) Internal transactions are carried out at market prices and correspond mainly to expenses incurred by parent companies on behalf of the other Group companies.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

Income statement at 31 December 2014	Spain	Mexico	Argentina	Colombia	Italy	Uruguay	Brazil	Panama	Head offices	Internal operations (*)	Total
Operating income											
Revenue from external customers	149,883	341,889	489,041	31,418	263,777	18,209	2,789	88,594	24	-	1,385,624
Intra-segment revenues	-	-	-	-	-	-	-	-	34,198	(34,198)	-
	149,883	341,889	489,041	31,418	263,777	18,209	2,789	88,594	34,222	(34,198)	1,385,624
Operating expenses											
Depreciation and amortisation	(17,432)	(58,360)	(13,435)	(4,236)	(16,156)	(2,735)	(461)	(11,401)	(1,298)	-	(125,514)
Change in business operations	(1,290)	(12)	-	235	(717)	(405)	-	196	-	-	(1,993)
Other operating expenses	(128,953)	(265,184)	(378,752)	(23,373)	(257,498)	(25,560)	(3,225)	(70,772)	(80,676)	-	(1,233,993)
	(147,675)	(323,556)	(392,187)	(27,374)	(274,371)	(28,700)	(3,686)	(81,977)	(81,974)	-	(1,361,500)
Profit/loss on retirement or disposal of assets	(2,692)	62	19	(1,169)	441	-	-	(1)	(7)	-	(3,347)
Intra-segment expenses	(3,346)	(8,515)	(16,933)	(1,102)	(1,380)	(63)	-	(2,859)	-	34,198	-
OPERATING PROFIT/(LOSS)	(3,830)	9,880	79,940	1,773	(11,533)	(10,554)	(897)	3,757	(47,759)	-	20,777
External financial income	151	804	11	65	904	10	30	373	983	-	3,331
Intra-segment financial income	-	-	-	-	-	-	-	-	47,356	(47,356)	-
External financial expenses	(3,224)	(6,041)	(4,998)	(269)	(1,177)	(2,659)	(7)	(858)	(113,447)	-	(132,680)
Inter-segment finance costs	(73)	(37,041)	(1,558)	53	(3,953)	(464)	(3,707)	(613)	-	47,356	-
Change in investment provisions	-	(5,436)	-	-	-	-	-	-	(10,058)	-	(15,494)
Net gains/(losses) on exchange	-	(15,720)	(8,795)	237	-	(4,724)	(163)	865	(17,599)	-	(45,899)
NET FINANCIAL INCOME/(EXPENSE)	(3,146)	(63,434)	(15,340)	86	(4,226)	(7,837)	(3,847)	(233)	(92,765)	-	(190,742)
PROFIT/(LOSS) BEFORE INCOME TAX	(6,976)	(53,554)	64,600	1,859	(15,759)	(18,391)	(4,744)	3,524	(140,524)	-	(169,965)
Corporate income tax	(922)	(11,762)	(33,078)	(875)	5,098	(44)	(524)	1,020	202	-	(40,885)
Equity method	-	(5)	-	-	(133)	3,105	-	-	-	-	2,967
PROFIT/(LOSS) FOR THE YEAR	(7,898)	(65,321)	31,522	984	(10,794)	(15,330)	(5,268)	4,544	(140,322)	-	(207,883)
CONSOLIDATED PROFIT / (LOSS)											
Attributable to:											
External shareholders	850	(29,670)	680	10	1,868	(9,057)	-	441	-	-	(34,878)
Parent company shareholders	(8,748)	(35,651)	30,842	974	(12,662)	(6,273)	(5,268)	4,103	(140,322)	-	(173,005)
CONSOLIDATED PROFIT/(LOSS)	(7,898)	(65,321)	31,522	984	(10,794)	(15,330)	(5,268)	4,544	(140,322)	-	(207,883)

(*) Internal transactions are carried out at market prices and correspond mainly to expenses incurred by parent companies on behalf of the other Group companies.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

Balance sheet at 31 December 2015	Spain	Mexico	Argentina	Colombia	Italy	Uruguay	Brazil	Panama	Head offices	Total
Intangible assets	37,986	251,901	56,659	85	45,074	28	688	18,316	2,308	413,045
Property, plant and equipment	48,802	164,334	32,495	13,836	17,973	26,629	687	13,142	562	318,460
Goodwill	21,478	78,691	17,026	-	44,392	-	-	32,273	-	193,860
Investment properties	1,958	64,607	-	-	-	-	-	-	-	66,565
Equity method investment	-	(105)	-	-	(205)	11,917	-	-	-	11,607
Non-current financial assets	4,559	1,860	2,053	23	6,940	-	-	3,135	2,835	21,405
Deferred tax assets	8,231	16,074	2,255	677	9,667	-	-	611	7,432	44,947
Other non-current assets	-	-	-	-	-	-	-	-	-	-
Current assets	22,486	147,793	37,242	6,237	65,983	15,420	680	20,045	55,269	371,155
TOTAL ASSETS	145,500	725,155	147,730	20,858	189,824	53,994	2,055	87,522	68,406	1,441,044
Deferred income	-	-	-	-	-	-	-	-	31	31
Provisions	623	16,525	4,885	88	9,089	-	-	1,131	-	32,341
Long-term payables	31,732	113,977	7,971	2,409	18,083	37,674	-	5,440	-	217,286
Current liabilities	59,605	177,131	54,983	5,544	45,832	12,150	3,255	21,384	1,427,442	1,807,326
TOTAL LIABILITIES	91,960	307,633	67,839	8,041	73,004	49,824	3,255	27,955	1,427,473	2,056,984
OTHER INFORMATION										
Investments in fixed assets	19,473	16,645	10,034	3,327	6,771	1,274	1,194	3,182	577	62,477
Intangible assets	6,741	-	3	-	2,924	23	676	-	440	10,807
Property, plant and equipment	12,732	16,645	10,031	3,327	3,847	1,251	518	3,182	137	51,670
Expenses that do not represent cash outflows	2,286	4,453	1,975	3	156	-	-	6	-	8,879

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

Balance sheet at 31 December 2014	Spain	Mexico	Argentina	Colombia	Italy	Uruguay	Brazil	Panama	Head offices	Total
Intangible assets	36,921	279,975	84,011	11	45,320	150	429	21,510	2,771	471,098
Property, plant and equipment	49,512	197,000	40,900	12,430	19,886	32,757	618	14,815	747	368,665
Goodwill	21,478	83,078	23,246	-	50,820	-	-	28,939	-	207,561
Investment properties	-	70,451	-	-	-	-	-	-	-	70,451
Equity method investment	-	(8)	-	-	(64)	12,487	-	-	-	12,415
Non-current financial assets	4,834	1,226	4,272	27	6,293	-	-	5,372	3,692	25,716
Deferred tax assets	9,108	15,019	3,963	521	11,882	-	-	613	7,567	48,673
Other non-current assets	-	-	-	-	-	-	-	-	-	-
Current assets	20,641	149,578	39,025	4,684	55,327	10,487	759	17,422	36,807	334,730
TOTAL ASSETS	142,494	796,319	195,417	17,673	189,464	55,881	1,806	88,671	51,584	1,539,309
Deferred income	-	-	-	-	-	-	-	-	17	17
Provisions	615	16,290	5,189	1,564	8,369	-	-	1,438	-	33,465
Long-term payables	41,344	149,773	12,023	1,329	19,799	29,121	-	9,978	3	263,370
Current liabilities	53,240	183,487	54,945	5,022	40,727	19,561	3,222	23,025	1,291,078	1,674,307
TOTAL LIABILITIES	95,199	349,550	72,157	7,915	68,895	48,682	3,222	34,441	1,291,098	1,971,159
OTHER INFORMATION										
Investments in fixed assets	14,775	21,664	6,688	1,890	5,765	1,544	157	2,509	259	55,251
Intangible assets	5,007	-	35	-	1,783	6	8	-	226	7,065
Property, plant and equipment	9,768	21,664	6,653	1,890	3,982	1,538	149	2,509	33	48,186
Expenses that do not represent cash outflows	5,098	1	1,720	1,317	1,458	-	-	1	9	9,604

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

b) Lines of business

The Group does not have available a breakdown of ordinary income from non-Group customers for each product and service.

6. Business combinations and changes in the scope of consolidation

a) Business combinations

a.1) FY 2015

On 29 July 2015, the company PGO Services, S.r.l. was acquired for 2,755 thousand euros.

On 28 October 2015, the company Garet, S.r.l. was acquired for 1,970 thousand euros.

On 28 October 2015 the company Game Over, S.r.l. was acquired for 224 thousand euros, of which 100 thousand euros corresponds to a contingent consideration arrangement. This agreement obliged Codere to pay the former owners, in October 2016, an amount varying on the basis of the acquiree's EBITDA between November 2015 and October 2016. The fair value of the contingent consideration has been estimated on the assumption that the probability of payment occurring is 100%.

The Codere Group expects to continue to increase its presence in the Italian market thanks to the acquisition of these three companies.

Of the intangible assets recorded in PGO Services, S.r.l., 2.704 thousand euros, and 2.167 thousand euros in the case of Garet, S.r.l., relate to the customer portfolio of both companies' business. They were measured at fair value on the basis of discounted cash flow analysis.

The companies' assets and liabilities at the acquisition or incorporation date and their contribution to the Group's net profit or loss following the acquisition, incorporation or increase in the holding are detailed below (in thousands of euros):

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

	PGO Services, S.r.L	Garet, S.r.L.	Game Over, S.r.L	Business combinations
Acquisition date	29.07.2015	28.10.2015	28.10.2015	
% Acquired Group	51%	51%	51%	
Consideration:				
Cash	2,755	1,970	124	4,849
Contingent consideration			100	100
Goodwill	749	764	-	1,513
Intangible assets	3,427	2,167	-	5,594
Property, plant and equipment	1,465	305	178	1,948
Other non-current assets	659	101	-	760
Deferred tax assets	(18)	-	-	(18)
Current assets	1,102	272	93	1,467
Cash and cash equivalents	280	771	282	1,333
Non-current liabilities	(42)	(118)	(8)	(168)
Deferred tax liabilities	(852)	(683)	-	(1,535)
Current liabilities	(2,090)	(451)	(98)	(2,639)
Total identifiable net assets	3,931	2,364	447	6,742
Non-controlling interests	(1,927)	(1,159)	(219)	(3,305)
Operating income from the acquisition date	5,493	440	119	6,052
Profit/(loss) contributed from the acquisition date	(507)	213	70	(224)
Operating income generated since 01/01/2015	12,521	2,099	574	15,194
Income generated since 01/01/2015	23	519	86	628

a.2) FY 2014

During 2014 no business combinations have been carried out.

b) Changes in the scope of consolidation

b.1) FY 2015

The main changes to the scope of consolidation are as follows:

- On 8 January 2015 a temporary consortium ("unión temporal de empresas" - UTE) between the Argentinian Group company Bingos del Oeste, S.A. and Bingos del Puente, S.A. for the commercial operation of a hall in the Buenos Aires province was registered with the Argentinian authorities. Bingos del Puente, S.A. will contribute the contract for the location of the property where the gaming hall is to be operated and Bingos del Oeste, S.A. will contribute the authorisation to operate the hall, and the operation and administration of the Bingo hall. Initially, it was agreed that the profits of the UTE would be shared on the basis of 43% for Bingos del Puente, S.A. and 57% for Bingos del Oeste, S.A. In view of the fact that the investments made in the hall during FY 2015 were paid in full by Bingos del Oeste, S.A., this company has increased its share in profits up to 92% at 31 December 2015 which will subsequently be reduced using the future profits of the UTE. The UTE has been accounted for as a joint venture. At the date of publication of these consolidated annual accounts, the UTE has not received the authorisations required to commence its operations.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

- On 23 January 2015, Codere Mexico SA de CV subscribed the capital increase in Carrasco Nobile, S.A. proposed at the Extraordinary General Meeting of 29 October 2014, in an amount of 267.7 million Uruguayan pesos (8.2 million euros approx. at 31 December 2015). As a result of the capital increase, in which the minority shareholder did not take part, Codere Mexico SA de C.V. increased its interest in Carrasco Nobile, S.A. from 51% to 73.7%.
- On 26 March 2015 the Brazilian company Simulcasting Brasil Som e Imagem, Ltda. was acquired for 2,000 Brazilian reals. This company engages in the management of cash from sports betting through various communications channels. At the date of publication of these consolidated annual accounts, the company has not commenced its operations.
- Codere Navarra, S.L. was incorporated on 6 June 2015.
- Codere Castilla León, S.L. was incorporated on 9 July 2015.
- Codere Apuestas Cantabria, S.L. was incorporated on 3 August 2015.
- On 29 July 2015, the Italian company PGO Services, S.r.l. was acquired for 2,755 thousand euros.
- The company Codere Finance 2, S.A. was incorporated on 5 August 2015. This company will initially receive the funds from the new financing issuances within the restructuring processes (Note 3.f.).
- Codere Apuestas Melilla, S.A. was incorporated on 14 October 2015.
- On 28 October 2015, the Italian company Garet, S.r.l. was acquired for 1,970 thousand euros.
- On 28 October 2015, the Italian company Game Over, S.r.l. was acquired for 224 thousand euros.
- Codere Apuestas Asturias, S.A. was incorporated on 4 November 2015.
- On 17 December 2015 Codere Latam, S.L. was incorporated under the demerger project for Codere América, S.A. which spun off its investments in México, Colombia, Brasil and Uruguay to Codere Latam, S.L.

b.2) FY 2014

The main changes to the scope of consolidation are as follows:

- In January 2014 Carrasco Nobile, S.A. increased its capital by 1,427 thousand euros. The increase was subscribed by both shareholders.
- Codere Apuestas Cuenta, S.L. was incorporated on 21 January 2014.
- Codere Apuestas Cataluña, S.L. was incorporated on 15 April 2014.
- Codere Puerto Rico was liquidated on 16 April 2014.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

- In April 2014 ICELA S.A.P.I de C.V. reduced capital by an amount equivalent to 4,630 thousand euros and reimbursed funds to its shareholders.
- Codere Sagunto, S.L. was incorporated on 21 May 2014.
- On 9 June 2014, the Group sold its holding in Resur Cadiz, S.L., generating a loss of 960 thousand euros.
- In July 2014 Operiberica, S.A. absorbed Codere Madrid, S.A., Codere Barcelona, S.A., Codere Valencia, S.A., Recreativos Mae, S.L. and Recreativos Populares, S.L.
- On 8 July 2014, the Group reduced its holding in Codere Interattiva Italia, SRL from 100% to 34%. The company changed its name to HippoBingo Firenze, S.r.L.
- On 11 July 2014 the Mexican companies Calle Icela Sapi de C.V. and Hotel Icela Sapi de C.V. were incorporated, in which Codere México, S.A. de C.V. holds a 49% interest. These companies engage in the construction and operation of hotels, restaurants, exhibition centres and conference centres. They are consolidated by the equity method.
- Codere Apuestas La Rioja, S.L. was incorporated on 22 July 2014.
- Codere Apuestas Extremadura, S.L. was incorporated on 12 September 2014.
- On 7 November 2014 Recreativos Ruan, S.L and Gistra, S.L. de Operiberica were demerged and contributed to Codere Sagunto S.L.U.
- On 12 November 2014 Codere Finance (UK) Limited was incorporated as part of the Scheme of Arrangement provided for in English company law the purpose of which is to obtain judicial authorisation to implement the restructuring (Note 3.f).
- Codere Apuestas Castilla Leon, S.L. was incorporated on 20 November 2014.
- The percentage interest in King Bingo, S.r.l and King Slot, S.r.l. was increased from 75% to 85% on 18 December 2014. The acquisition price of the 10% holding was 1,500 thousand in each company.
- On 26 December 2014 the percentage interest in Juegamax de las Americas S.A de C.V. and Impulsora Recreativa de Entretenimiento was increased from 43.25% to 84,8%%. The operation amounted to 3,948 thousand euros.
- On 26 December 2014 the percentage interest was decreased from 84.8% to 49% in Centro de Convenciones las Américas S.A de C.V. and Hotel Entretenimiento de Las Américas S.A de C.V., following which these companies will be consolidated by the equity method.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

7. Intangible assets

The breakdown and movements on the "Intangible assets" accounts were as follows:

FY 2015							Thousand euro
Costs	Balance at 31.12.2014	Business combinations	Additions	Disposals	Transfers/Recl assifications	Translation differences	Balance at 31.12.2015
Licences	356,165	-	129	-	(14,000)	(29,362)	312,932
Trademarks	35,986	-	6	-	-	(1,815)	34,177
Rights	194,747	5,594	8,935	(7,753)	15,485	(6,501)	210,507
Computer software	38,193	-	2,139	(150)	(1,485)	(885)	37,812
Other intangible assets	22,165	-	880	(436)	-	(656)	21,953
	647,256	5,594	12,089	(8,339)	-	(39,219)	617,381
Accumulated amortisation	Balance at 31.12.2014	Business combinations	Additions	Disposals	Transfers	Translation differences	Balance at 31.12.2015
Licences	(36,941)	-	(15,456)	-	(14,000)	1,180	(65,217)
Rights	(98,703)	-	(21,252)	7,170	12,464	571	(99,750)
Computer software	(28,977)	-	(3,665)	142	1,536	795	(30,169)
Other intangible assets	(6,141)	-	(2,052)	93	-	4,296	(3,804)
	(170,762)	-	(42,425)	7,405	-	6,842	(198,940)
Provisions	(5,396)	-	-	-	-	-	(5,396)
Net carrying amount	471,098	5,594	(30,336)	(934)	-	(32,377)	413,045

The "Business combinations" column includes the fair value of the customer portfolio associated with the acquisition of 51% of the Italian companies PGO Services, s.r.l, Garet, s.r.l and Game Over, s.r.l (Note 6.a1).

The movement under "Rights" relates to additions and disposals of exclusivity rights associated with the operation in Spain.

FY 2014						Thousand euro
Costs	Balance at 31.12.2013	Additions	Disposals	Transfers/Reclassifi cations	Translation differences	Balance at 31.12.2014
Licences	369,386	16	(277)	223	(13,183)	356,165
Trademarks	35,734	4	-	-	248	35,986
Rights	193,672	5,996	(10,909)	(75)	6,063	194,747
Computer software	37,845	2,359	(1,856)	(60)	(95)	38,193
Other intangible assets	22,483	615	(918)	(88)	73	22,165
	659,120	8,990	(13,960)	-	(6,894)	647,256
Accumulated amortisation	Balance at 31.12.2013	Additions	Disposals	Transfers/Reclassifi cations	Translation differences	Balance at 31.12.2014
Licences	(26,500)	(11,412)	11	(123)	1,083	(36,941)
Rights	(87,142)	(21,147)	10,889	1,593	(2,896)	(98,703)
Computer software	(23,851)	(3,852)	529	(1,470)	(333)	(28,977)
Other intangible assets	(4,286)	(2,047)	193	-	(1)	(6,141)
	(141,779)	(38,458)	11,622	-	(2,147)	(170,762)
Provisions	(6,163)	-	767	-	-	(5,396)
Net carrying amount	511,178	(29,468)	(1,571)	-	(9,041)	471,098

Additions under Computer software mainly relate to the acquisitions in Italy, Panama and Spain.

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The disposals under Rights mainly reflect the derecognition of rights in Spain as a result of the reduction in the number of machines in operation in the course of 2014.

7.a) Other information

The only intangible assets held by the Group with an indefinite useful life are non-amortisable installation rights and brands, in the amounts of 48,829 thousand euros at 31 December 2015 and 50,603 thousand euros at 31 December 2014.

The Group considers that brands and non-amortisable installation rights have an indefinite useful life as these assets have no legal or any other type of limit. They are tested for impairment at least annually and whenever there is any indication that they may have become impaired.

The brands and non-amortisable installation rights are broken down below by cash-generating unit:

	2015		2014	
	Trademarks	Non-amortisable installation rights	Trademarks	Non-amortisable installation rights
Spain	1,335	14,651	1,328	14,618
Mexico	32,843	-	34,657	-
	34,178	14,651	35,985	14,618

The intangible assets that are individually significant to the financial statements are described below, along with their carrying amounts and remaining amortisation periods:

Asset type	Carrying amount	Remaining amortisation period
Gaming room licences, Argentina	56,591	Between 5 and 15 years
Casinos licences, Panama	22,869	Between 7 and 8 years
Gaming room licences, Mexico	204,485	Between 17 and 31 years
Gaming machine concession licences, Italy	15,445	Between 6 and 9 years

At 31 December 2015, the Group had no material commitment to acquire or sell intangible assets.

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NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

8. Property, plant and equipment and investment properties

8.a) Property, plant and equipment

The breakdown and movements on the "Property, plant and equipment" accounts were as follows:

FY 2015	Thousand euro						
	Balance at 31.12.2014	Business combinations	Additions	Disposals	Transfers/Re classif.	Translation differences	Balance at 31.12.2015
Cost							
Leisure machines	226,821	1,064	23,516	(30,592)	3	(17,115)	203,697
Gaming and sports betting machines	23,801	-	2,550	(2,245)	17	(109)	24,014
Furniture, fittings and equipment	85,633	762	3,988	(1,357)	6,849	(3,614)	92,261
Computer hardware	34,257	12	4,941	(1,038)	1,443	(1,782)	37,833
Prepayments and PPE under construction	5,782	-	16,276	(3,226)	(11,196)	(641)	6,995
Vehicles	4,530	52	267	(755)	47	(184)	3,957
Land	13,561	-	-	-	(715)	(713)	12,133
Structures and buildings	205,656	-	131	(777)	(1,100)	(11,843)	192,067
Work on leased premises	225,665	-	6,226	(2,010)	7,232	(14,849)	222,264
Plant and machinery	63,835	58	3,293	(252)	(4,628)	(4,417)	57,889
Total	889,541	1,948	61,188	(42,252)	(2,048)	(55,267)	853,110
Accumulated depreciation							
Leisure machines	(164,567)	-	(28,984)	24,973	14,754	10,585	(143,239)
Gaming and sports betting machines	(15,540)	-	(2,987)	945	-	98	(17,484)
Furniture, fittings and equipment	(55,734)	-	(7,818)	838	(5,665)	2,418	(65,961)
Computer hardware	(36,729)	-	(3,868)	929	7,631	1,233	(30,804)
Vehicles	(3,602)	-	(381)	672	-	133	(3,178)
Structures and buildings	(57,306)	-	(10,309)	518	(22,321)	4,712	(84,706)
Work on leased premises	(97,879)	-	(18,677)	1,259	-	5,247	(110,050)
Plant and machinery	(50,214)	-	(4,168)	144	5,674	3,491	(45,073)
Total	(481,571)	-	(77,192)	30,278	73	27,917	(500,495)
Provisions	(39,305)	-	(43)	4,820	-	373	(34,155)
Net carrying amount	368,665	1,948	(16,047)	(7,154)	(1,975)	(26,977)	318,460

The additions and disposals under "Leisure machines" mainly reflect the rotation of machines in operation in Spain, Argentina and Icela in 2015.

Disposals under "Provisions" in 2015 relate to the partial reversal of the impairment of assets relating to Colombia (Note 13).

The movement in "Prepayments and PPE under construction" relate to investments made in the refurbishment of leased premises in Mexico and Argentina.

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NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

FY 2014							Thousand euro
Cost	Balance at 31.12.2013	Additions	Disposals	Transfers/Reclassifications	Translation differences	Balance at 31.12.2014	
Leisure machines	229,364	26,671	(23,816)	-	(5,398)	226,821	
Gaming and sports betting machines	21,979	2,804	(953)	-	(29)	23,801	
Furniture, fittings and equipment	86,481	3,614	(3,380)	(38)	(1,044)	85,633	
Computer hardware	35,457	1,889	(3,344)	1	254	34,257	
Prepayments and PPE under construction	1,564	7,760	(1,135)	(2,398)	(9)	5,782	
Vehicles	5,301	305	(1,024)	-	(52)	4,530	
Land	13,922	81	(27)	-	(415)	13,561	
Structures and buildings	210,256	19	(4,038)	241	(822)	205,656	
Work on leased premises	220,989	5,178	(1,275)	2,194	(1,421)	225,665	
Plant and machinery	66,725	2,365	(4,782)	-	(473)	63,835	
Total	892,038	50,686	(43,774)	-	(9,409)	889,541	
Accumulated depreciation	Balance at 31/12/2013	Additions	Disposals	Transfers/Reclassifications	Translation differences	Balance at 31/12/2014	
Leisure machines	(156,909)	(34,752)	22,475	3,180	1,439	(164,567)	
Gaming and sports betting machines	(12,202)	(2,591)	867	(1,633)	19	(15,540)	
Furniture, fittings and equipment	(46,244)	(8,801)	3,054	(4,249)	506	(55,734)	
Computer hardware	(35,428)	(3,937)	3,058	-	(422)	(36,729)	
Vehicles	(3,771)	(559)	699	(1)	30	(3,602)	
Structures and buildings	(50,651)	(9,203)	2,145	-	403	(57,306)	
Work on leased premises	(79,144)	(19,645)	1,065	96	(251)	(97,879)	
Plant and machinery	(49,480)	(5,006)	1,611	2,607	54	(50,214)	
Total	(433,829)	(84,494)	34,974	-	1,778	(481,571)	
Provisions	(27,804)	(12,006)	505	-	-	(39,305)	
Net carrying amount	430,405					368,665	

Additions under Leisure machines mainly include machine acquisitions in Icela, Argentina, and Spain as a result of upgrading the stock of machines.

The decreases under Leisure machines mainly reflect the rotation of machines in operation in Mexico and Columbia in the course of 2014.

Additions under Provisions in 2014 relate to the impairment of assets corresponding to the halls closed in Mexico. The re-opening of these halls at the date of these consolidated financial statements is regarded as remote.

At 31 December 2015 and 2014 the value of assets acquired under finance leases was as follows:

	Thousand euro					
	2015			2014		
	Cost	Accumulated depreciation	Net carrying amount	Cost	Accumulated depreciation	Net carrying amount
Leisure machines	5,243	(2,618)	2,625	18,985	(8,645)	10,340
Plant and machinery	10,036	(9,794)	242	10,637	(9,941)	696
Computer hardware	1,690	(1,219)	471	1,510	(842)	668
Vehicles	339	(207)	132	260	(233)	28
Total	17,308	(13,838)	3,470	31,392	(19,661)	11,732

The minimum payments under the finance leases and the calculation of the present value of the future minimum payments are detailed in note 19.a.3).

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The Group leases certain assets under operating leases. These leases correspond mainly to premises rented or operated under concessions in each of the Group's operating markets, including head offices, the premises where it operates gaming activities, car parks, etc. In most cases, the cost of these leases increases in line with inflation. These lease arrangements do not impose any restrictions on the Group. The lease expenditure charged to the income statement during 2015 and 2014 corresponding to operating leases totals 124,453 thousand euros and 109,530 thousand euros, respectively (Note 23). Lease contracts mature in three to 10 years.

At 31 December 2015, the future aggregate minimum lease payments under non-cancellable operating leases on business premises, administration offices and vehicles are as follows:

	Thousand euro		
	Within 1 year	Between 1 and 5 years	More than 5 years
	Total future payments		
Total non-cancellable obligations	15,385	18,247	10,183

8.b) Investment properties

At 31 December 2015 this heading mainly relates to the assets of Centro Banamex. During the year certain land and buildings belonging to Spain were transferred, which at 31 December 2014 were recorded under Property, plant and equipment.

At 31 December 2014 investment properties only related to the assets of Centro Banamex.

Movements in Investment property is as follows.

FY 2015	Balance at		Disposal	Transfers	Translation	Balance at
Cost	31.12.2014	Additions	s		differences	31.12.2015
Leisure machines	-	-	-	-	-	-
Furniture, fittings and equipment	4,110	129	-	-	(214)	4,025
Computer hardware	1,115	8	-	-	(59)	1,064
Vehicles	71	40	-	-	(4)	107
Land	-	-	-	715	-	715
Structures and buildings	87,234	-	(2)	1,333	(4,567)	83,998
Work on leased premises	4,777	64	-	-	(250)	4,591
Plant and machinery	971	31	-	-	(52)	950
Total	98,278	272	(2)	2,048	(5,146)	95,450
Accumulated depreciation						
Furniture, fittings and equipment	(3,188)	(201)	-	-	178	(3,211)
Computer hardware	(804)	(163)	-	-	42	(925)
Vehicles	(58)	(12)	-	-	3	(67)
Structures and buildings	(21,711)	(1,920)	1	(73)	1,138	(22,565)
Work on leased premises	(1,335)	(120)	-	-	70	(1,385)
Plant and machinery	(731)	(39)	-	-	38	(732)
Total	(27,827)	(2,455)	1	(73)	1,469	(28,885)
Net carrying amount	70,451					66,565

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

FY 2014	Balance at			Translation	Balance at
Cost	31.12.2013	Additions	Disposals	differences	31.12.2014
Leisure machines	1	-	-	(1)	-
Furniture, fittings and equipment	3,937	145	-	28	4,110
Computer hardware	1,037	71	-	7	1,115
Vehicles	155	-	(85)	1	71
Structures and buildings	86,610	-	-	624	87,234
Work on leased premises	4,674	69	-	34	4,777
Plant and machinery	903	61	-	6	971
Total	97,317	346	(85)	700	98,278
	Balance at			Translation	Balance at
	31.12.2013	Additions	Disposals	differences	31/12/2014
Accumulated depreciation					
Furniture, fittings and equipment	(2,969)	(197)	-	(22)	(3,188)
Computer hardware	(598)	(203)	-	(3)	(804)
Vehicles	(96)	(20)	59	(1)	(58)
Structures and buildings	(19,563)	(1,950)	-	(198)	(21,711)
Work on leased premises	(1,192)	(135)	-	(8)	(1,335)
Plant and machinery	(670)	(57)	-	(5)	(731)
Total	(25,088)	(2,562)	59	(236)	(27,827)
Net carrying amount	72,229				70,451

Lease on the Banamex Conference Centre

The Group signed an agreement with CIE whereby the latter group will operate the Convention Centre owned by ICELA for a period of six years commencing on 1 June 2013. As a result of this agreement, the amounts relating to the Banamex Centre were reclassified from Property, plant and equipment to Investment property in 2013. This reclassification was recorded in the "Transfers" column of the movement in PPE.

This agreement entails an annual fee of 113 million pesos (6 million euros) payable monthly, plus 25% of the positive difference between the actual income each year and the contractually stipulated limit, which stands at 340 million pesos for the first year.

The estimated future minimum lease payments under this contract are as follows:

- Year 1: 9 million euros
- Years 2 to 5: 41 million euros
- After year 6: 11 million euros

Furthermore, the Group is committed to making annual minimum investments of 15 million Mexican pesos (approximately 0.8 million euros) at the Banamex centre.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

9. Investments in equity-method companies

Entities with which joint ventures are maintained are listed in Appendix I. At 31 December 2015, the Group companies with which joint ventures have been arranged are Hípica Rioplatense Uruguay, S.A., New Joker, S.r.l (these two companies as a result of the application of IFRS 11), Hotel Icela Sapi de C.V., Calle Icela Sapi de C.V., Centro de Convenciones Las Americas S.A de C.V., Hotel Entretenimiento Las Américas S.A de C.V. and Hippobingo Firenze, S.r.l.

	Balance at 31.12.14	Additions	Disposals	Translation differences	Balance at 31.12.15
FY 2015					
Equity method investments	12,415	632	(331)	(1,109)	11,607
	12,415	632	(331)	(1,109)	11,607
	Balance at 31.12.13	Additions	Disposals	Translation differences	Balance at 31.12.14
FY 2014					
Equity method investments	11,666	1,184	-	(435)	12,415
	11,666	1,184	-	(435)	12,415

Summarised financial information on significant joint ventures is as follows:

Joint ventures

	Hípica Rioplatense Uruguay, S.A.	New Joker, S.R.L.	Hippobingo Firenze, Srl	Total
FY 2015				
Non-current assets	43,869	2,991	3,317	50,177
Fixed assets and intangibles	38,716	2,961	3,317	44,994
Long-term investments	-	9	-	9
Deferred taxes	5,153	21	-	5,174
Current assets	9,453	671	375	10,499
Current assets	7,863	138	173	8,174
Cash and cash equivalents	1,590	533	202	2,325
TOTAL ASSETS	53,322	3,662	3,692	60,676
Non-current liabilities	18,182	2,439	1,490	22,111
Deferred taxes	40	122	-	162
Non-current payables	18,142	2,226	1,480	21,848
Non-current financial assets	-	91	10	101
Current liabilities	11,307	1,167	2,852	15,326
Short-term payables	5,004	488	1,556	7,048
Current financial liabilities	6,303	679	1,296	8,278
TOTAL LIABILITIES	29,489	3,606	4,342	37,437
Operating income	53,927	5,452	612	59,991
Operating expenses	-42,156	-5,427	-1,235	-48,818
Operating profit/(loss)	11,771	25	-623	11,173
Financial income	39	1	-	40
Other interest and similar expenses	-2,751	-	-	-2,751
Financial expenses	-1,460	-	-39	-1,499
Net financial income/(expense)	-4,172	1	-39	-4,210
Corporate income tax	-1,441	-128	-	-1,569
Profit/(loss) for the year	6,158	-102	-662	5,394

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

Joint ventures

FY 2014	Hípica Rioplatense Uruguay, S.A.	New Joker, S.R.L.	Total
Non-current assets	51,284	3,184	54,468
Fixed assets and intangibles	44,303	3,155	47,458
Long-term investments	98	8	106
Deferred taxes	6,883	21	6,904
Current assets	8,589	661	9,250
Current assets	8,108	336	8,444
Cash and cash equivalents	481	325	806
TOTAL ASSETS	59,873	3,845	63,718
Non-current liabilities	(21,562)	(2,878)	(24,440)
Deferred taxes	(100)	(104)	(204)
Non-current payables	(21,462)	(2,774)	(24,236)
Non-current financial assets	-	-	-
Current liabilities	(13,260)	(1,195)	(14,455)
Short-term payables	(8,843)	(1,195)	(10,038)
Current financial liabilities	(4,417)	-	(4,417)
TOTAL LIABILITIES	(34,822)	(4,073)	(38,895)
Operating income	47,847	4,389	52,236
Operating expenses	(38,345)	(4,809)	(43,154)
Operating profit/(loss)	9,502	(420)	9,082
Financial income	-	-	-
Other interest and similar expenses	(2,072)	-	(2,072)
Financial expenses	(1,563)	-	(1,563)
Net financial income/(expense)	(3,635)	-	(3,635)
Corporate income tax	344	(21)	323
Profit/(loss) for the year	6,211	(441)	5,770

The investment in Hípica Rioplatense Uruguay, S.A. (HRU) relates to a 50% holding in this company, whose main activity consists of horse racing through the operation, holding and use of the Maroñas National Race Course and the las Piedras Race Course in Uruguay, and the operation of horse-racing agencies, as well as the operation of gaming arcades. HRU follows a policy of dividend distribution which is subordinate to its financial debt payment commitments, which is mainly structured in issues of bonds totalling 11,027 thousand euros, of which 1,956 thousand euros is short term.

The investment in New Joker, S.r.l. consists of a 30% shareholding in that company, which mainly engages in the management and operation of a bingo hall in Rome. There are no restrictions on the distribution of dividends by the Company.

The investment in Hippobingo Firenze, S.r.l. consists of a 34% shareholding.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

Set out below are non-cancellable commitments referring to operating leases at 31 December 2015:

Thousand euro			
Total future			
	Within 1 year	Between 1 and 5 years	More than 5 years
			payments
Total non-cancellable commitments	1,076	2,928	5,076
			9,080

10. Goodwill

The breakdown of goodwill by cash-generating unit (CGU) at year-end 2015 and 2014 and the movements on this account during the years then ended (thousand euro) are as follows:

FY 2015

Thousand euro						
	Balance at 31.12.2014	Additions	Disposals	Impairment	Translation differences	Balance at 31.12.2015
Spain	21,477	-	-	-	-	21,477
Argentina	23,244	-	-	-	(6,212)	17,032
Italy	50,819	1,513	-	(7,941)	-	44,391
Panama	28,938	-	-	-	3,333	32,271
Mexico	83,083	-	-	-	(4,394)	78,689
Total	207,561	1,513	-	(7,941)	(7,273)	193,860

Additions in 2015 relate to the acquisition of the Italian companies Pgos S.r.l. and Garet S.r.l. (Note 6. a.1).

On the basis of the impairment tests described in note 13, the Group has recognised an impairment loss of 7,941 thousand euros in 2015 corresponding to the Italy CGU.

FY 2014

Thousand euro						
	Balance at 31.12.2013	Additions	Disposals	Impairment	Translation differences	Balance at 31.12.2014
Spain	21,864	-	(387)	-	-	21,477
Argentina	26,845	-	-	-	(3,601)	23,244
Italy	50,819	-	-	-	-	50,819
Panama	25,478	-	-	-	3,460	28,938
Mexico	82,483	-	-	-	600	83,083
Total	207,489	-	(387)	-	459	207,561

Disposals in 2014 relate to the demerger of Ruan, S.L. between Operiberica, S.A.U and Codere Sagunto, S.L.U. (Note 6.b) and the sale of Resur Cádiz, S.L.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

Goodwill at cost and the accumulated amortisation thereon at 31 December 2015 and 2014 is broken down by cash generating unit as follows:

	Thousand euro				
		Impairment losses			
	Cost	2013 and prior years	2014	2015	Net carrying amount
<u>FY 2015</u>					
Spain	100,805	(79,328)	-	-	21,477
Argentina	17,032	-	-	-	17,032
Italy	113,525	(45,193)	(16,000)	(7,941)	44,391
Panama	32,271	-	-	-	32,271
Mexico	103,019	-	(24,330)	-	78,689
	366,652	(124,521)	(40,330)	(7,941)	193,860

	Thousand euro				
	Cost	Impairment losses			Net carrying amount
		2012 and prior years	2013	2014	
<u>FY 2014</u>					
Spain	100,805	(79,327)	-	-	21,478
Argentina	23,246	-	-	-	23,246
Italy	112,013	(45,193)	(16,000)	-	50,820
Panama	28,939	-	-	-	28,939
Mexico	107,408	-	(24,330)	-	83,078
		-	-	-	
	372,411	(124,520)	(40,330)		207,561

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

11. Non-current financial assets

The balances under this heading at 31 December 2015 and 2014 and the movements in the years then ended break down as follows:

							Thousand euro
FY 2015							
Item	Balance at 31.12.2014	Business combinations	Additions	Disposals	Transfers	Translation differences	Balance at 31.12.2015
Loans and receivables	18,091	659	2,738	(4,518)	731	(476)	17,225
Investments held to maturity	6,184	101	412	(2,725)	-	208	4,180
Other financial assets	1,441	-	-	(1,460)	-	19	-
	25,716	760	3,150	(8,703)	731	(249)	21,405

The disposal of Other non-current assets relates to the investments made by the Argentinian Group company Bingos del Oeste in the temporary consortium (UTE) between this company and Bingos del Puerto, S.A. during 2014.

							Thousand euro
FY 2014							
Item	Balance at 31.12.13	Additions	Disposals	Transfers	Translation differences		Balance at 31.12.14
Loans and receivables	17,213	3,550	(2,867)	-	195		18,091
Investments held to maturity	5,387	1,288	(1,027)	-	536		6,184
Other financial assets	-	1,391	-	-	50		1,441
	22,600	6,229	(3,894)	-	781		25,716

At 31 December 2014 the most significant individual movement in Investment held to maturity occurred in Codere S.A. in relation to the investment in Uruguayan Bonds.

The carrying amounts of the items under this heading are denominated in the following currencies:

			Thousand euro
Currency	2015		2014
Euro	14,335		14,818
US dollar	3,281		5,468
Argentine peso	1,946		4,177
Mexican peso	1,820		1,226
Uruguayan peso	-		-
Colombian peso	23		27
	21,405		25,716

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

a) Loans and receivables

Item	Owner	Thousand euro	
		2015	2014
Non-current loans	Hípica de Panamá, S.A.	585	2,834
Non-current loans	Alta Cordillera, S.A.	2,549	271
Non-current loans	Grupo Operbingo Italia, S.p.A.	2,913	2,643
Non-current loans	Operibérica, S.A.	559	1,128
Non-current loans	Codere S.A.	1,852	2,807
Non-current loans	Codere México, S.A.	1,861	1,227
Other minor loans to third parties		6,906	7,181
Total		17,225	18,091

Alta Cordillera e Hípica de Panamá, S.A includes long-term deposits with respect to a severance provision with financial institutions.

Grupo Operbingo Italia, S.p.A. mainly includes bank guarantees associated with the Bingo licence.

Codere, S.A. mainly reflects a 925 million euro loan granted to the Italian company S.E.V.A, S.r.L which owns 15% of King Slot, S.r.L.

The amortised cost of the main loans broken down by maturity date is as follows:

Year	Thousand euro	
	2015	2014
2016	-	9,937
2017	7,390	1,478
2018	2,320	995
2019	1,261	354
2020	120	-
Subsequent years	6,134	5,327
Total	17,225	18,091

b) Investments held to maturity

Type of investment	Thousand euro	
	2015	2014
Payout reserve containers (hoppers)	2,833	2,642
Long-term fixed-rate investments	241	2,509
Deposit agreements	-	34
Other	1,106	999
	4,180	6,184

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

12. Deferred taxes

The analysis of deferred tax assets and deferred tax liabilities is as follows (figures in thousand euro):

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	3,384	(89,032)	3,371	(98,137)
Property, plant and equipment	11,732	174	11,844	(56)
Financial investments	168	(629)	303	(629)
Exchange differences	-	(163)	-	(163)
Tax credits	20,501	-	23,988	-
Other	9,161	(13,978)	9,167	(16,860)
	44,946	(103,628)	48,673	(115,845)
Deferred tax assets/(liabilities) to be recovered after more than 12 months	29,082	(82,349)	17,117	(90,818)
Deferred tax assets/(liabilities) to be recovered within 12 months	15,864	(21,279)	31,478	(25,027)
	44,946	(103,628)	48,673	(115,845)

The recovery of these credits is subject to the regular review of the business plans for the recovery of the consolidated group's tax bases, taking the following into account in said plan:

- Operational performance of the business units in accordance with the projections assumed in the asset impairment tests, assuming a time frame of five years.
- Estimation principally of tax adjustments for non-deductible expenses, differences between amortisation for tax and accounting purposes and differences in the treatment of accounts receivable impairment provisions.
- Estimation of future operational flows obtained from the companies in the tax consolidation group derived from operations by the rest of the business units (outside the consolidated group, both Spanish and foreign). These flows are derived from:

- Provision of corporate services.
- Interest on loans granted.
- Dividends receivable.

The amount of these positive flows will enable the above-mentioned tax credits for loss carryforwards to be offset, generating sufficient profit for the Group to carry out the offset within the deadline stipulated by tax legislation.

The other deferred tax assets have been recorded based on the business plans in each geographical area and the tax legislation in force in each jurisdiction. In those jurisdictions, the business plan envisages the generation of future taxable income to offset the deductible temporary differences.

The relevant deferred tax liabilities are also taken into account in each geographical area.

CODERE, S.A. AND SUBSIDIARIES

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The breakdown of the deferred tax assets and liabilities recognised by the Group and the movement in these headings during the year is as follows:

	Thousand euro				
	Balance at 31.12.14	Charged to profit or loss	Reclassification	Translation differences	Balance at 31.12.15
FY 2015					
<u>Assets</u>					
Tax credits	23,988	(3,357)	(18)	(112)	20,501
Financial investments	303	(135)	-	-	168
Intangible assets	3,371	19	-	(6)	3,384
Property, plant and equipment	11,844	(479)	-	367	11,731
Other	9,167	2,032	-	(2,038)	9,161
	<u>48,673</u>	<u>(1,919)</u>	<u>(18)</u>	<u>(1,790)</u>	<u>44,946</u>
<u>Liabilities</u>					
Revaluation of property, plant and equipment and investments	(56)	436	-	(206)	174
Financial investments	(629)	-	-	-	(629)
Exchange differences	(163)	-	-	-	(163)
Intangible assets	(98,137)	5,187	-	3,918	(89,032)
Other	(16,860)	10,402	-	(7,520)	(20,436)
	<u>(115,845)</u>	<u>16,025</u>	<u>-</u>	<u>(3,809)</u>	<u>(103,629)</u>
	<u>(67,172)</u>				<u>(58,683)</u>

The Deferred taxes for Spanish companies are recognised at the rate at which reversal is expected, 25% for 2016.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

	Thousand euro				
FY 2014	Balance at 31.12.13	Charged to profit or loss	Reclassification	Translation differences	Balance at 31.12.14
Assets					
Tax credits	19,056	4,980	-	(48)	23,988
Financial investments	226	77	-	-	303
Intangible assets	3,408	(40)	-	1	3,371
Property, plant and equipment	15,586	(3,957)	-	215	11,844
Other	8,472	640	-	55	9,167
	46,748	1,701	-	223	48,673
Liabilities					
Revaluation of property, plant and equipment	(102)	46	-	-	(56)
Financial investments	(684)	55	-	-	(629)
Exchange differences	(163)	-	-	-	(163)
Intangible assets	(104,433)	7,805	-	(1,509)	(98,137)
Other	(7,711)	(8,816)	-	(333)	(16,860)
	(113,093)	(909)	-	(1,842)	(115,845)
Net deferred tax assets (liabilities)	(66,345)				(67,172)

The decrease in tax credits in 2015 is mainly due to the adjustment to the new tax rate in Italy which enters force on 1 January 2017 (from 27.5% to 24%). The decrease in deferred tax liabilities during the year is mainly due to the reversion of deferred taxes due to differences between tax and accounting depreciation basically in Mexico and Panama, and other deferred tax liabilities.

The increase in tax credits in 2014 basically included the tax effect for the payment to the Italian Court of Auditors which led to the conclusion of the legal proceedings with Codere Network, S.p.A., partially offset by the decrease in tax credits in Spain due to the decrease in the interest rate as from 2015.

13. Impairment of non-financial assets

Following impairment tests carried out at the end of 2015, the Group recognised an impairment to its assets in the Italy unit and has partially reversed the impairment recognised in previous years in Colombia. The total amount has been 3,121 thousand euros, comprising the decrease of 7,941 thousand euros and the reversal of 4,820 thousand euros. This impairment is mainly due to an increase in gaming tax in Italy, both AWP's and VLT's, which although partly offset by the decrease in the pay-out, impacts the flows generated by the business. In addition, the reversal resulted from the improved performance of the Colombia business in recent months, which is reflected in the budget forecasts and therefore in future flows.

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Method used to determine the recoverable amounts of cash-generating units and key assumptions

The Group bases its calculations of the recoverable amount of its cash-generating units on their value in use. This is equivalent to the net present value of future effective cash flows generated by the operating assets of each identified unit.

Cash flow projections

The Group estimates the future cash flows for each cash-generating unit using forecasting models based on the operating, financial and macroeconomic indicators applicable in each case. The projections cover a five-year period. Beyond the five-year period, a terminal value is estimated based on a constant rate of growth in perpetuity. The cash flows in year one of the projection period are based on detailed budgets approved by each unit for 2016, adjusted as necessary for the estimated impact of significant changes in the regulatory environment, the competitive landscape, the business model or the performance of each unit.

The projections for the remaining years are based on the performance that can reasonably be expected in accordance with the strategies and plans defined by the Group for each of the markets in which it operates in accordance with their specific characteristics and competitive landscapes. With respect to capital investments, the forecasts include those necessary to maintain the businesses in their current condition (maintenance capex).

The rate used to discount the cash flows is the weighted average cost of capital in the local currency of each unit. The weighted average cost of capital takes into account the Group's own cost of capital as well as that of third parties, weighted in accordance with a defined target capital structure. The internal cost of capital varies for each unit in accordance with the market risk premium applicable and the specific country risk for the country where it operates, including exchange rate risk. For reasons of practical expediency, after-tax discount rates are used. The cash flows discounted are similarly after-tax projections. The growth rate used to calculate each unit's terminal value is the long-term consumer price index forecast for each country taken from macroeconomic forecasts; i.e. the terminal value does not factor in any growth in real terms. For those cash-generating units whose functional currency is not the euro, cash flows are projected in local currency and the net present value of these cash flows is then translated into euro at the exchange rate prevailing at 31 December 2015.

CODERE, S.A. AND SUBSIDIARIES

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Key assumptions

The key assumptions in respect of gaming operations relate in general to gaming capacity installed (number of gaming halls, casinos, race tracks, betting agencies, gaming machines installed, bingo hall seating capacity, gaming tables, etc.) and the average daily proceeds from each machine, seat, table or gaming hall attendee. Revenue during the projection period varies in accordance with the forecast trend in these variables. Profitability and operational gearing levels, as reflected in EBITDA margins, are also significant. The carrying amounts of the net operating assets of each cash-generating unit at 31 December 2015 are detailed below, together with the key assumptions used to calculate their value in use and any impairment losses recognised. Key assumptions include the after-tax discount rate, the growth rate used to estimate terminal value, the compound average annual growth rate for revenue in local currency for the projection period, and the estimated percentage point change in EBITDA between the 12 months ended 31 December 2015 and the final 12 months of the projection period.

Cash-generating unit	Carrying amount of net operating assets ⁽¹⁾ at 31.12.2015 (€000)	Asset impairment adjustment at 31.12.2015 (€000)	After-tax discount rate
Argentina	71,963	-	27.6%
Mexico	456,381	-	10.2%
Banamex	64,607	-	10.2%
Spain ⁽³⁾	104,290	-	10.7%
Italy ⁽⁴⁾	106,224	(7,941)	9.6%
Panama	62,199	-	12.8%
Colombia	7,024	4,820	12.0%
Carrasco	26,880	-	14.4%
Parent companies and other	(10,124)	-	-
Total	889,445	(3,121)	N/A

Cash-generating unit	Organic growth rate for calculating terminal value	CAGR of revenue in local currency ⁽²⁾	Change in EBITDA margin (percentage points) ⁽²⁾
Argentina	5.0%	16.7%	(1.8p.p.)
Mexico	3.0%	3.0%	(0.1p.p.)
Banamex	3.0%	4.2%	-
Spain ⁽³⁾	1.5%	5.6%	1.3p.p.
Italy ⁽⁴⁾	1.3%	3.8%	(2.5p.p.)
Panama	2.0%	2.4%	6.6pp
Colombia ⁽⁵⁾	3.0%	5.4%	(3.6p.p.)
Carrasco	5.0%	25.4%	N/A
Total	N/A	N/A	N/A

(1) Includes the carrying amount of goodwill, intangible assets and property, plant and equipment and certain operating items in working capital, before impairment losses in the period.

(2) Obtained by comparing the figures for the last year of the projection period with those of the 12 months to 31 December 2015 (as reported quarterly and translated into local currency at average exchange rates). Excluding 2015 non-recurring expenses in Panama (€2.3 M in personnel restructuring), the fluctuation in EBITDA is 4.6%.

(3) Includes all business lines in Spain which have been organisationally unified from 2011 (AWP machines, sports betting and traditional bingo). Deployment of sports betting operations in Madrid, Basque Country, Navarra, Valencia, Aragón, Murcia, Galicia, Castilla la Mancha, La Rioja, Castilla León, Catalonia and Extremadura.

(4) Includes all business lines in Italy (indirect operations with AWP machines, traditional bingo, video lotteries and connection network). The negative impact on EBITDA is due to the rise in taxes on machines as from 2016.

(5) The variation in Colombia EBITDA is negative mainly due to the impact of the tax increase which partly came into force in October 2015 and which will be fully applicable during 2016.

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- (6) The growth in income forecast for Carrasco is conditioned by the fact that this business is going through a growth stage.

Sensitivity to key assumptions

The table below shows, for each cash generating unit for which no impairment loss was recognised during the financial year, the discount rate after taxes and, separately, the natural growth rate used to calculate the terminal value which, had they been applied, would have resulted in the value in use equalling the carrying amount of its net operating assets:

Cash-generating unit	Variable required to equate value in use to carrying amount	
	After-tax discount rate	Organic growth rate for calculating terminal value ⁽¹⁾
Argentina	123.2%	N/A
Mexico	12.3%	N/A
Banamex	11.8%	0.7%
Spain	15.0%	N/A
Italy	N/A	N/A
Panama	18.6%	N/A
Colombia	16.9%	N/A
Carrasco	19.2%	N/A

- (1) The "N/A" for some cash generating units is because those growths will be negative. Therefore, bearing in mind the definition of terminal value, it makes no economic sense to use negative growth in perpetuity.

The sensitivity analysis indicates that all of the cash-generating units have room to accommodate a potential impairment to their assets.

14. Inventories

	Thousand euro	
	2015	2014
Gaming machines	34	37
Spare parts for machines	4,272	3,629
Food and drink	2,206	2,159
Bingo cards	1,318	1,250
Other items	3,795	3,366
	11,625	10,441

The cost of inventories recognised as an expense in 2015 and 2014 amounts to 36,287 thousand euros in 2015 and 37,403 thousand euros in 2014.

15. Accounts receivable

- a) Trade receivables:

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At 31 December 2015, "Trade and other receivables" included 3,260 thousand euros for catering and management services supplied to food and drink establishments in Spain (3,544 thousand euros at 31 December 2014).

The increase is mainly due to the balance receivable from players at the Carrasco casino in Uruguay, whose credit limit is higher.

There are no provisions for impairment of receivables.

b) Sundry receivables:

	Thousand euro	
	2015	2014
Sundry receivables	70,216	65,946
Receivable from employees	978	485
Provisions	(29,069)	(32,291)
	42,125	34,140

At 31 December 2015, "Sundry receivables" includes approximately 20,478 thousand euros of advances paid to the owners of food and drink establishments against their share of the takings from the gaming machines located in their premises (25,658 thousand euros at 31 December 2014). These advances will be recovered against the takings collected.

"Sundry receivables" also includes at year-end 2015, 10,348 thousand euros due from CIE Group companies, mainly Make Pro, S.A. de C.V., for advertising and sponsorship services (10,718 thousand euros at year-end 2014).

This heading also includes 14,664 thousand euros receivable by Codere Network S.p.A. from gaming machine operators in Italy (11,972 thousand euros at 31 December 2014). The remaining amount comprises a significant number of receivables of lower value.

The amounts recognised under Provision correspond principally to amounts set aside to cover advances against takings in Spain and to cover receivables from gaming machine operators in Italy.

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The movements on the provision are as follows:

	Thousand euro
Balance at 31.12.2014	(32,291)
Provision	(3,849)
Unused amounts reversed	1,807
Amounts derecognised	5,147
Translation differences	117
Balance at 31.12.2015	(29,069)
	Thousand euro
Balance at 31.12.2013	(31,116)
Provision	(4,021)
Unused amounts reversed	218
Amounts derecognised	2,641
Translation differences	(13)
Balance at 31.12.2014	(32,291)

The other classes within trade and other receivables do not contain impaired assets.

c) Tax receivables accrued

At 31 December 2015, "Tax receivables accrued" amount to 102,650 thousand euros (111,837 thousand euros at year-end 2014). This balance includes 79,607 thousand euros in VAT refundable from the Mexican tax authorities (86,128 thousand euros in 2014). In Mexico this class of indirect tax is recovered when the cash flows associated with the transactions giving rise to the VAT occur.

The remaining 23,043 thousand euros corresponds to taxes due from the tax authorities in the Group's other operating markets.

The carrying amounts of accounts receivable are denominated in the following currencies:

		Thousand euro
Currency	2015	2014
Euro	35,171	23,749
US dollar	73,305	69,754
Argentine peso	15,961	16,851
Mexican peso	61,435	68,884
Uruguayan peso	309	85
Colombian peso	1,578	1,589
Brazilian real	587	614
	188,346	181,526

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

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16. Other current financial assets

The movements on "Other current financial assets" in at 31 December 2015 and 2014 are as follows (figures in thousand euro):

FY 2015	Balance at 31.12.14	Business combinations	Additions	Disposals	Transfers	Translation differences	Balance at 31.12.15
Short-term investment securities	106	-	-	(104)	-	-	2
Other loans and investments	35,882	563	21,819	(15,408)	584	(692)	42,748
	35,988	563	21,819	(15,512)	584	(692)	42,750

The main movement in Other loans and investments took place in Codere S.A. due to the purchase and sale of Argentinian bonds.

FY 2014	Balance at 31.12.13	Additions	Transfers	Disposals	Translation differences	Balance at 31.12.14
Short-term investment securities	1,218	-	-	(1,056)	(56)	106
Other loans and investments	40,450	7,666	-	(12,155)	(79)	35,882
	41,668	7,666	-	(13,211)	(135)	35,988

Other loans and investments mainly reflects the derecognition of the Icela purchase option which fell due in June 2014 in the amount of 5,327 thousand euros and the derecognition of the guarantee on the repaid loan in Codere México, S.A. de C.V., amounting to 1,021 thousand euros.

The items recognised under "Other loans and investments" break down as follows:

	Thousand euro	
	2015	2014
Short-term loans	22,762	18,139
Deposits and guarantees	19,981	17,343
Short-term deposits	5	400
	42,748	35,882

"Short-term loans" includes amounts receivable from directors and senior managers for loans granted to buy shares in Codere S.A. as detailed in Note 25. These loans are guaranteed against said shares. (Note 18).

Deposits and guarantees includes deposits held by Codere Network, S.p.A. due to the Concession Agreement of Codere Network, S.p.A. under which this company operates, amounting to 12,226 thousand euros.

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The carrying amounts of the items under this heading are denominated in the following currencies:

Currency	Thousand euro	
	2015	2014
Euro	24,692	17,324
US dollar	10,678	11,186
Argentine peso	465	603
Mexican peso	6,727	6,532
Uruguayan peso	179	340
Colombian peso	9	3
	42,750	35,988

17. Equity

a) Share capital

At 31 December 2015 and 2014 the share capital of Codere S.A. totalled 11,007,924 euros and consisted of 55,036,470 fully subscribed and paid in bearer shares with a par value of 0.20 euros each. The Parent's shares have been listed on the Madrid Stock Exchange since 19 October 2007.

At 31 December 2015 and 2014 the Parent Company's shareholder structure was as follows:

Shareholder	Shareholding	
	%	%
	2015	2014
Masampe Holding, B.V.	51.35%	51.35%
Mr. José A. Martínez Sampedro	12.42%	12.42%
Other shareholders	36.23%	36.23%
	100%	100%

This table individually lists significant shareholders who, in accordance with securities market legislation, have acquired shares giving them voting rights in a listed company and who must, therefore, notify the Spanish securities market regulator (CNMV) and Codere S.A. when their interests in the Parent's voting rights rises above or falls below 3%.

At 31 December 2015, 55,036,470 shares were admitted to trading, of which 69.04% (69.13% at year-end 2014) were directly or indirectly held by members of the Board of Directors.

No Company shares were sold by senior managers on the market in 2015 or 2014. Nor did senior management purchase any shares in 2015 or 2014.

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Certain corporate resolutions were adopted at the General Shareholders' Meeting held on 4 December 2015 related to the Restructuring process, which are detailed in Note 3.f.iv). They will not be effective until the completion conditions described in Note 3.f.iii are met.

b) Share premium

The share premium derives from equity issues approved at the Annual General Meetings held on 20 December 1999 (52.61 million euros), 27 January 2006 (38.9 million euros) and 18 October 2007 (139.77 million euros). This reserve is freely distributable.

c) Treasury shares

At the Annual General Meeting of 27 June 2013, the shareholders authorised Codere S.A. to acquire at any time and on as many occasions as it deems necessary, directly or through any of its subsidiaries, fully paid up own shares, for cash or for any valuable consideration. The minimum price or consideration will be the nominal value of the treasury shares acquired and the maximum the market value plus 20% at the acquisition date. This authorisation was granted for a term of five years and is expressly subject to the condition that the shares acquired, together with those already held by Codere S.A. and its subsidiaries, may not exceed at any time the limit laid down in prevailing law. The Board of Directors is empowered to execute this power.

Liquidity agreement

On 28 January 2009, Codere, S.A. signed a liquidity agreement with Crédit Agricole Cheuvreux, S.A. designed to improve its liquidity position and stabilise its share price. This agreement came into force on 18 February 2009 and was terminated on 20 October 2014. On 28 October 2014 a new liquidity agreement was entered into with Interdin Sociedad de Valores, S.A., which came into force on 1 November 2014.

The key features of this agreement, in line with current regulations, are:

- Financial intermediary: Interdin Sociedad de Valores, S.A.
- Securities covered by the agreement: Ordinary shares in Codere S.A. traded on the official stock market.
- Term of the agreement: 12 months, extendable by explicit consent of the parties.
- Funds transferred to the cash account: 83.5 thousand euros and 203.5 thousand euros.
- The voting and dividend rights attached to the shares deposited in the securities account are suspended.

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On 30 January 2015, due to the split-off of a line of business of Interdin Bolsa, S.V., S.A. to Banco Madrid S.A.U., this latter entity was subrogated to the obligation to provide said service to Codere under the same conditions as those already agreed with the demerged company. In view of the fact that Banco de Madrid S.A.U. is involved in insolvency proceedings, on 24 March 2015 Codere decided to suspend the liquidity agent operation.

At 31 December 2015, the Company held 270,733 treasury shares (387,733 in 2014) of which 105,733 (222,733 in 2014) had been acquired by Interdin Sociedad de Valores, S.A., representing less than 10% of the total share capital of Codere S.A. (the legal limit) with a value in equity of 86 thousand euros (69 thousand euros at 31 December 2014). The average acquisition price was 0.81 euros per share. These shares are fully paid up.

d) Legal reserve

In accordance with the Spanish Companies Act 2010, 10% of profit for the year must be allocated to the legal reserve until the balance of the reserve reaches at least 20% of capital. At both 31 December 2015 and 2014 the legal reserve totalled 2,201 thousand euros.

Until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

e) Transition reserves

On first-time application of IFRS-EU, the Group decided to revalue its land and buildings, using their fair value at the transition date as their acquisition cost. This restatement was recognised directly against equity under the Transition Reserve heading.

The Transition Reserve will be transferred to Retained earnings when the capital gain is realised. The capital gain realised is deemed to be the difference between the depreciation calculated on the restated value of the asset and the depreciation calculated according to its original value.

f) Other information

As the parent guarantor on the bonds issued by Codere Finance (Luxembourg), S.A., there are limits on Codere S.A.'s ability to approve and pay dividends until the bonds are repaid.

There are no restrictions on any Group company operating in Latin American or European countries distributing dividends to shareholders in Spain.

In Argentina, the Group may only distribute dividends once all unused tax losses have been offset.

In addition to any legal requirements or bylaw stipulations and the aforementioned restrictions, dividends may only be distributed from profit for the year or from unrestricted reserves, provided equity is not less than share capital as a result of the distribution. If prior-year losses reduce the Company's equity to below share capital, profits must be allocated to offset the losses. Gains recognised directly in equity may not be directly or indirectly distributed to this end.

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g) Information by company

Appendix II provides an itemised breakdown of the equity of the Group companies at 31 December 2015.

18. Provisions

18.1. Non-current provisions

	Thousand euro					
	Balance at 31.12.14	Business combinations	Additions	Disposals	Translation differences	Balance at 31.12.15
FY 2015						
Provision for taxes	15,033	-	1,117	(1,560)	(957)	13,633
Retirement bonuses	6,204	85	4,236	(325)	(221)	9,979
Other provisions	12,228	-	6,924	(8,930)	(1,492)	8,729
	33,465	85	12,277	(10,815)	(2,671)	32,341

	Thousand euro					
	Balance at 31.12.13	Additions	Disposals	Translation differences		Balance at 31.12.14
FY 2014						
Provision for taxes	16,373	130	(1,335)	(135)		15,033
Retirement bonuses	7,713	980	(2,420)	(69)		6,204
Other provisions	24,256	1,493	(13,159)	(362)		12,228
	48,342	2,603	(16,914)	(566)		33,465

a) Provision for taxes

Provisions for taxes include balances associated with the fiscal and labour-related risks of the Group's companies in Mexico at 31 December 2015 and 2014 of approximately 12,509 thousand euros and 12,883 thousand euros, respectively.

b) Retirement bonuses

This heading includes amounts payable by various Group companies to its employees under collective bargaining agreements. The increase mainly relates to companies in Italy.

c) Other provisions

At 31 December 2015, this heading includes 1,658 thousand euros corresponding to a provision made in connection with an inspection by the Argentine Central Bank ("BCRA") of certain foreign currency transactions concluded between 2002 and 2004 (1,417 thousand euros at year-end 2014).

It also includes 475 thousand euros corresponding to a contingent payment recognised in 2010 following the acquisition of Codere Apuestas España, S.L.U. by Codere, S.A.

The decrease in 2014 mainly includes the reversal of the provision following the conclusion of the proceedings involving Codere Network, S.p.A. and the Court of Auditors.

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This heading also includes Group commitments to staff under the employment laws in force in each country, and provisions made in each year for labour-related contingencies.

18.2. Current provisions and other

	Thousand euro	
	2015	2014
Reserve for options	3,433	4,454
Other	5,996	6,121
Total provisions and other	9,429	10,575

The heading "Other" mainly includes 3,582 thousand euros in advance income in the Icela Group and the provision for potential prizes in Italy, Panama and Argentina.

This heading includes a provision for the market value of the share sale option offered to a number of senior managers of Codere S.A. One million ordinary shares, formerly held as treasury shares, were sold to senior managers at a price of 7.88 euros per share, the price at which a number of transactions with third parties had been concluded. These share purchases were financed by Codere S.A. via loans to these senior managers totalling 7,880 thousand euros, which accrued interest at an annual rate of 2.5% in 2015 and 2014. The interest accrued, amounting to 1,471 thousand euros, has been provided for in full under Financial expenses.

In turn, the Company granted these executives the right, on maturity of the loan, to settle the outstanding balance of the loan (principal plus interest) by delivering the shares acquired using Company funding. This clause is treated as a put option granted to the managers and was valued as such. Changes in the value of this option are recognised directly in equity.

Under this option, the senior managers were entitled to repay the loan to Codere S.A. after 18 months from the acquisition date. This term was since extended to December 2014. Codere holds rights to pre-emptively acquire the shares from each executive, exercisable in the event that the executive declares his or her intention to sell the shares to a non-shareholding third party.

FY 2015

	Thousand euro			
	Balance at 31.12.14	Additions	Disposals	Balance at 31.12.15
Provision for put option granted to executives	4,454	47	(1,068)	3,433

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FY 2014

	Thousand euro			
	Balance at 31.12.13	Additions	Disposals	Balance at 31.12.14
Provision for put option granted to executives	5,158	234	(938)	4,454

In February 2016 the Board of Directors agreed to extend the duration of the loans granted to directors. However, all the interest accruing on the loans has been provided for as the Company's management regards it as unlikely that it will be collected.

Interest accrued during 2015 totalled 54 thousand euros. In addition, for directors still with the Company, the provision for the treasury stock purchase option includes the restatement of the market value of the put option at the year end for all loans granted to directors which had not matured and for the valuation between the closing price for Codere shares and the repurchase price, set at 7.88 euros for loans expired at 31 December.

At 31 December 2015 and 2014, the market value of the option corresponded exclusively to the loans which had not yet been repaid. The value of the option was calculated using market prices taking into account the volatility of the security, the redemption value of the loans and other factors.

The inputs used in the valuation model are:

	2015	2014
Strike price	10.597	10.597
Expected volatility	118.594%	89.112%
Annual rate	(0.055%)	0.162%
Implicit rate	8.1460%	3.1550%
Total price	9.81	10.28

19. Financial liabilities

a) Non-current payables

	Thousand euro	
	2015	2014
Bank borrowings	76,375	89,299
Other payables	36,295	56,267
Finance lease liabilities	987	1,959
	113,657	147,525

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a.1) Non-current bank borrowings

	Average effective interest rate	Maturity	Thousand euro	
			2015	2014
Group in Spain	2.83%	2017-2026	1,020	1,202
Group in Italy	3.38%	2017	313	611
Group in Mexico	TIE + 3.25%	2019	35,554	53,436
Group in Panama	3M Libor + 3.50% (Floor 6.75%)	2016	-	3,554
Group in Colombia	DIF TA + 5.5%	2020	2,336	1,376
Uruguay (C Nobile)	6.91%	2018-2023	37,152	29,120
			76,375	89,299

The items recognised under this heading correspond principally to debt contracted locally to finance the expansion of the Group's activities in these countries. The most significant debt pertains to ICELA due to the investments made in Centro Banamex, Hipódromo and sala Royal, and the financial agreements concluded with Rospide Sociedad de Bolsa S.A, Urraburo & Hijos Corredor de Bolsa, S.R.L and Compañía de Valores Pérez Marexiano S.B.S.A. in Uruguay. The main decrease relates to Mexico and Panama due to the reclassification of the debt to short term.

The debt owed by the Mexican company Administradora del Hipódromo, S.A. de C.V. to Inbursa, for a term of four years, was renewed on 26 November 2015.

The loans extended to the Group companies in Italy are guaranteed by Codere Italia, S.p.A.

a.2) Other non-current payables

The amounts recognised under "Other payables" within "Other non-current payables" at 31 December 2015 and 2014, totalling 36,295 thousand euros and 56,267 thousand euros, respectively, correspond principally to long-term payables recognised by Spanish companies for acquisitions and to payments outstanding on exclusivity rights in amounts of approximately 4,837 thousand euros in 2015 and 5,345 thousand euros in 2014.

It also includes 15,546 thousand euros and 24,775 thousand euros at 31 December 2015 and 2014, respectively, corresponding to long-term debt in respect of deferred gaming taxes as approved for a certain number of gaming machines in the Spanish autonomous regions of Madrid, Cantabria, Valencia and Catalonia. The current balances are recorded under the heading "Other non-trade payables". These debts bear interest at the legal rate in Spain.

This heading also includes borrowings from third parties for the acquisition of licenses by Codere Network, S.p.A. to fund the installation and operation of a new type of gaming machine in Italy (VLTs) at 31 December 2015 and 2014 in the amount of 9,306 thousand euros and 11,313 thousand euros, respectively.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

a.3) Finance lease liabilities

The breakdown of the minimum payments due on finance leases at 31 December 2015 and 2014 is as follows:

	Gross liabilities		Thousand euro Present value	
	2015	2014	2015	2014
No later than 1 year	1,489	4,044	1,533	3,892
Later than 1 year and no later than 5 years	1,044	2,009	987	1,959
	2,533	6,053	2,520	5,851
Less:				
Future finance charges on finance lease liabilities	(14)	(201)		
Recognised as:				
Non-current finance lease liabilities			987	1,959
Current finance lease liabilities			1,533	3,892

Finance leases relate principally to leased gaming machines. The current liabilities are recorded under "Other non-trade payables".

The carrying amounts of "Other non-current payables" do not differ materially from their fair values at 31 December 2015 and 2014.

The carrying amounts of "Non-current payables" are denominated in the following currencies:

Currency	Thousand euro	
	2015	2014
Euro	35,320	46,830
US dollar	29,031	23,621
Argentine peso	836	1,258
Mexican peso	37,140	64,736
Uruguayan peso	8,923	9,751
Colombian peso	2,407	1,329
	113,657	147,525

The breakdown of non-current payables by type and maturity is as follows:

	2015			Thousand euro 2014		
Year	Bank borrowings	Other non-current payables	Total	Bank borrowings	Other non-current payables	Total
2016	-	-	-	29,684	30,765	60,449
2017	26,894	13,705	40,599	17,603	9,374	26,977
2018	26,641	8,529	35,170	16,571	2,307	18,878
2019	12,408	2,932	15,340	15,293	2,209	17,502
2020	2,761	490	3,251	10,148	13,571	23,719
Other	7,671	11,626	19,297	-	-	-
	76,375	37,282	113,657	89,299	58,226	147,525

b) Current liabilities

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

b.1) Bonds

On 24 June 2005, Codere Finance (Luxembourg), S.A. issued 335 million euros of 8.25% bonds due 15 June 2015. On 19 April 2006 Codere Finance (Luxembourg), S.A. issued an additional 165 million euros of bonds and on 7 November 2006 it issued another additional bond for 160 million euros. The bonds issued in April 2006, at a premium of 106.25%, and the bonds issued in November 2006, at a premium of 107.25%, were fungible and were accordingly grouped into a single issue along with the bonds issued in 2005.

On 22 July 2010, Codere Finance (Luxembourg), S.A. issued an additional 100 million euros of bonds at an issue price of 94%. This issue, with a coupon of 8.25%, is guaranteed by Codere S.A. and several of its subsidiaries. The new bonds were issued under the same terms as the earlier issues and mature in 2015.

On 8 February 2012, Codere Finance (Luxembourg), S.A. issued 300 million US dollars of 9.25% bonds due 2019.

The breakdown of the Group's total bond issues is as follows:

	Face value	Bond currency	Effective interest rate	Contract maturity date	Thousand euro	
					2015	2014
Bonds issued by Codere Finance (Luxembourg), S.A.	335,000	Euro	8.76%	15/06/2015	335,000	335,000
Bonds issued by Codere Finance (Luxembourg), S.A.	165,000	Euro	8.23%	15/06/2015	165,000	165,000
Bonds issued by Codere Finance (Luxembourg), S.A.	160,000	Euro	7.96%	15/06/2015	160,000	160,000
Bonds issued by Codere Finance (Luxembourg), S.A.	100,000	Euro	10.71%	15/06/2015	100,000	100,000
Bonds issued by Codere Finance (Luxembourg), S.A.	300,000	US dollar	10.20%	15/02/2019	275,559	247,096
					<u>1,035,559</u>	<u>1,007,096</u>

This heading includes unpaid accrued interest which at 31 December 2015 and 2014 amounted to 239,463 and 133,630 thousand euros, respectively. The increase results from Codere's failure to meet payment commitments since 2014.

The bonds issued by Codere Finance (Luxembourg), S.A. are guaranteed by the parent guarantor (Codere, S.A.) and the subsidiary guarantors listed below.

Codere Finance (Luxembourg), S.A. and the guarantors are party to the indenture together with Deutsche Trustee Company Limited as trustee and Deutsche Bank AG (London branch) as principal paying agent. Among other things, this indenture limits the ability of the issuer or the guarantors to:

- Make certain restricted payments and investments.
- Incur additional debt and issue preferred shares.
- Provide guarantees to third parties not belonging to the restricted Group.
- Create restrictions on the guarantors' ability to pay dividends or transfer or sell assets.

The parties to the indenture also have the power to:

- Request compliance with certain financial ratios.
- Incur additional debt subject to certain ratios.

CODERE, S.A. AND SUBSIDIARIES

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The issuer pays the interest on the bonds issued in 2005, 2006 and 2010 semi-annually on 15 June and 15 December. Codere Finance (Luxembourg), S.A. may also redeem all or part of the bonds issued in 2005, 2006 and 2010 at a repurchase price of 100% of par plus the applicable premium (between 0% and 2.75%).

The interest on the 300 million US dollar bond is also payable semi-annually on 15 February and 15 August to maturity in 2019; the bonds cannot be repurchased before year three after issuance, at which point they may be bought back at 100% of par plus a premium which depends on the year of repurchase (0% - 9.250%).

The guarantors at 31 December 2015 are:

Alta Cordillera, S.A.	Codere Italia, S.p.A.
Bingos Codere, S.A.	Colonder, S.A.U.
Bingos del Oeste, S.A.	Gestioni Marconi, S.r.l.
Bingos Platenses, S.A.	Giomax, S.r.l.
Bintegral, S.p.A.	Hípica de Panamá, S.A.
Codere, S.A.	Iberargen, S.A.
Codere América, S.A.U.	Interbas, S.A.
Codere Apuestas Aragón, S.L.U. (**)	Interjuegos, S.A.
Codere Apuestas España, S.L.U. (**)	Intermar Bingos, S.A.
Codere Apuestas Navarra, S.A.U.	Intersare, S.A.
Codere Apuestas, S.A.U.	Itapoan, S.A.
Codere Apuestas Valencia, S.A.U.	Misuri, S.A.U.
Codera Argentina, S.A.	Operbingo Italia, S.p.A.
Codere Colombia, S.A.	Operibérica, S.A.
Codere España, S.L.U. (**)	Palace Bingo S.r.L
Codere Internacional, S.L.U. (**)	Parisiennne, S.r.L
Codere Internacional Dos, S.A.U.	Promociones Recreativas Mexicanas, S.A. de C.V.
Codere México, S.A. de C.V.	Promojuegos de México, S.A.(*)
Codere Network, S.p.A.	Vegas, S.r.l.
Codere Uruguay, S.A.	

(*) This company is only guarantor on the bonds issued in June 2005, April 2006, November 2006 and July 2010.

(**) These companies only guarantee the senior debt.

The bonds denominated in euro are guaranteed by the parent guarantor under an intercreditor agreement between Codere Finance (Luxembourg), S.A. and Codere, S.A. (bearing interest at the same rate as the bonds) and subsidiarily by a pledge over shares in Codere España, S.L.U. and Codere Internacional, S.L.U.

The bonds denominated in US dollars are guaranteed by the parent guarantor under an intercreditor agreement between Codere Finance (Luxembourg), S.A. and Codere Internacional Dos, S.A.U. (bearing interest at the same rate as the bonds) and subsidiarily by a pledge over shares in Codere Internacional, S.L.U., Codere España, S.L.U., Codere América, S.A.U., Colonder, S.A.U. and Nididem, S.L.

The general terms of the bond issues also subordinate all other debt of the Codere Group companies to the payment obligations in respect of the bonds, with the exception of those debts secured by specific assets.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

As mentioned in Note 2.a.1), the procedure known as “Scheme of Arrangement” provided for under the UK Companies Act, the purpose of which is to obtain judicial authorisation to implement the Restructuring, was authorised by the competent English courts and the competent courts of New York on 22 December 2015.

This agreement and the structure envisaged to reorganise the Group's debt and capital are explained in detail in Notes 3.f) and 3.g).

b.2) Bank borrowings

	Thousand euro	
	2015	2014
Short-term loans	18,533	31,734
Trade discount lines and credit facilities	130,000	130,000
Interest accrued/prepaid	(1,037)	(758)
Total bank borrowings	147,496	160,976
Total undrawn	-	-
Total limit	147,496	160,976

Short-term loans

At 31 December 2015, the main short-term bank borrowings pertain to Grupo ICELA amounting to 7,667 thousand euros, Panama in the amount of 3,963 thousand euros and Uruguay, amounting to 5,082 thousand euros.

The main decreases have arisen in Grupo ICELA due to loan repayments and in Uruguay due to their reclassification to long term as a result of the fulfilment of coverage and debt ratios defined in the agreements with Rospide Sociedad de Bolsa S.A, Urraburo & Hijos Corredor de Bolsa, S.R.L and Compañía de Valores Pérez Marexiano S.B.S.A.

The items recognised under this heading at 31 December 2014 included principally short-term debts with credit institutions held by various companies in the ICELA Group of 13,643 thousand euros, the Group in Italy of 1,721 thousand euros, the Group in Panama of 4,716 thousand euros and 20,688 thousand euros in Uruguay.

Trade discount lines and credit facilities

This heading also includes a credit line drawn down by 130 million euros at 31 December 2015 and 2014.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

On 5 July 2013 the Senior credit facility was partially renewed to 5 January 2014 after the former creditors had ceded their positions in favour of Canyon Capital Finance Sarl and various funds managed by GSO Capital Partners LP. The new Senior Financing Agreement stipulated a ceiling of 98.56 million euros of which up to 60 million euros consists of credit available in cash and the remainder of guarantee instruments. The applicable interest rate is set at the higher of the Euribor +8.5% or Libor +7.5% and an inception fee of 5%. Due to this renewal, of the annual compliance ratios (covenants) were eliminated and the payment of interest due on 15 August 2013 associated with bond issuances made by Codere Finance Luxembourg, S.A. was established as a reason for early maturity.

On 13 September 2013, an agreement was reached with creditors of the senior credit facility to change the conditions of that credit facility by increasing the total maximum available in cash by 35 million euros, up to a total of 95 million euros. The applicable interest rate is set at the higher of the Euribor +8.0% or Libor 7.0% and an inception fee of 1,069 thousand euros. The maturity date of the senior debt was 5 January 2014.

On 9 January 2014 the extension of the senior credit facility to 5 February 2014 was agreed.

On 6 February 2014, the senior credit facility expired and was pending repayment, although it was covered by the Stand-still Agreement linked to the Lock-Up debt restructuring agreement concluded on 23 September 2014 (Note 3.g). Since that date, late payment interest has accrued.

On 17 October 2014 the senior debt holders agreed to increase the available figure by 35 million euros in the same contractual terms, in order to obtain the funds required to conclude the legal proceedings with the Court of Auditors in Italy.

The lending institutions that have underwritten the current senior credit facility are: GSO, which includes various funds managed by GSO capital Partners LP, Canyon Capital, Finance S.a.r.l, Silver Point Luxemburg Platform, S.a.r.l, Monarch Master Funding 2 (Luxemburg), S.a.r.l and FBC Holdings S.a.r.l

The balances drawn (in thousand euro), their maturities and the interest rates applicable at 31 December 2015 and 2014 are as follows:

2015	Interest rate	Maturity date
60,000	11.84%	29/01/2016
20,000	11.84%	29/01/2016
15,000	11.84%	29/01/2016
35,000	11.84%	29/01/2016
130,000		

CODERE, S.A. AND SUBSIDIARIES

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2014	Interest rate	Maturity date
60,000	12.02%	06/02/2014
20,000	12.02%	06/02/2014
15,000	12.02%	06/02/2014
35,000	12.02%	06/02/2014
130,000		

An Intercreditor Agreement links the guarantees on both categories of debt - bonds and senior debt - subordinating the former to the latter. For further information see the details of the bond and senior debt guarantee agreements at the beginning of this note.

Notes 3.f and 3.g describe agreements reached with the lenders, including the replacement of the current credit facility by an issuance of corporate bonds amounting to 200 million euros, maturing in 2021.

b.3) Other non-trade payables and current tax liabilities

	Thousand euro	
	2015	2014
Payable to tax authorities	180,939	161,653
Gaming taxes deferred	33,644	30,390
Payable to employees	19,326	20,079
Other payables	37,050	29,118
	270,959	241,240

b.3.1) Payable to tax authorities

This heading includes amounts payable in respect of VAT, personal income tax, corporate income tax and other taxes.

b.3.2) Gaming taxes deferred

This heading includes amounts payable in respect of gaming taxes on a certain number of gaming machines in Spain in the autonomous communities of Madrid, Cantabria, Valencia, and Catalonia. This heading includes the amounts for which deferral has been applied for and approved which fall due within less than 12 months from the reporting date.

b.3.3) Other payables

This heading includes:

- Amounts payable in the short term on finance leases for gaming machines which at 31 December 2015 totalled 1,533 thousand euros (3,892 thousand euros at 31 December 2014).
- Payables for exclusivity rights and for fixed-asset suppliers of the Spanish gaming machine companies, amounting to 2,911 thousand euros at 31 December 2015 (2,914 thousand euros at 31 December 2014).

CODERE, S.A. AND SUBSIDIARIES

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- Bills payable in the short term by Spanish companies totalling 2,910 thousand euros at 31 December 2015 (987 thousand euros at 31 December 2014).
- Payments outstanding on the acquisition of companies in Italy in the amount of 2,041 thousand euros at 31 December 2015 (1,447 thousand euros at 31 December 2014).
- Payables on the acquisition of betting terminals in Spain in the amount of 1,475 thousand euros at 31 December 2015 (1,489 thousand euros at 31 December 2014).

b.4) Disclosure on deferral of payments to suppliers. Additional Provision 3 Disclosure requirement Law 15/2010:

Spanish Law 15/2010 of 5 July 2010 establishes a deadline of 60 days for payment to suppliers. To this end, the legislation provides for a transition schedule that finishes on 1 January 2013.

In compliance with the ICAC ruling dated 29 January 2016, the following data is reported at 31 December concerning Spanish entities within the consolidation scope:

	2015 (days)
Average supplier payment period	29.6
Ratio of transactions paid	28.7
Ratio of transactions pending payment	118.3
Total payments made	96,099
Total payments outstanding	959.1

c) Loans secured by the Group

In addition to the shares of various Group companies pledged at 31 December 2015 and 2014 as described in paragraph b.1) above, debt totalling 57,937 thousand euros (82,117 thousand euros at year-end 2014) was secured by fixed assets belonging to several Group companies (Note 22).

d) Current liabilities by currency

Currency	Thousand euro	
	2015	2014
Euro	1,213,977	1,133,382
US dollar	381,485	318,405
Argentine peso	53,823	47,702
Mexican peso	143,678	163,582
Uruguayan peso	5,683	3,189
Colombian peso	5,333	5,021
Sterling	4	81
Chilean peso	88	87
Brazilian real	3,255	2,858
	1,807,326	1,674,307

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

20. Derivative transactions

During 2015 and 2014, no operations were carried out involving derivatives.

21. Tax matters

Codere S.A. is subject to Corporate Income Tax in Spain and since 1 January 2000 has filed under the special tax rules established in Section VIII of Part VII of Royal Decree 4/2004 of March 5, approving the Revised Text of the Law on Corporate Income Tax.

The companies forming the Spanish consolidated tax group in 2015 were:

- Codere, S.A., as Tax Group Parent and beneficiary.
- And the following subsidiaries:

Spanish Tax Group 2015:

Codere, S.A.	Codere Castilla y León, S.L. (*)
Cartaya, S.A.	Codere Distribuciones, S.L.U
CF-8, S.L.	Codere España, S.L.U. (unipersonal)
Codere America, S.A.U.	Codere Interactiva, S.L.
Codere Asesoría, S.A.U.	Codere Internacional, S.L.U (unipersonal)
Codere Apuestas España, S.L.U.	Codere Internacional Dos, S.A.U.
Codere Apuestas, S.A.U.	Codere Latam, S.L (*)
Codere Apuestas Aragón, S.L.U.	Codere Logroño, S.L.
Codere Apuestas Asturias, S.A. (*)	Codere Online, S.A.
Codere Apuestas Castilla la Mancha, S.A.	Codere Sagunto, S.L.
Codere Apuestas Castilla y León, S.A.	Codere Servicios Compartidos, S.A.
Codere Apuestas Cataluña, S.L.	Codere Servicios, S.R.L.
Codere Apuestas Cantabria, S.A. (*)	Colonder, S.A.U.
Codere Apuestas Ceuta, S.A.	Desarrollo on line juegos regulares, S.A.
Codere Apuestas Extremadura, S.A.	J.M. Quero Asociados, S.A.U
Codere Apuestas Galicia, S.L.U.	JPVmatic 2005, S.L.
Codere Apuestas La Rioja, S.A.	Misuri, S.A.U.
Codere Apuestas Melilla, S.A. (*)	Nididem, S.L.U (unipersonal)
Codere Apuestas Murcia, S.L.U.	Operiberica, S.A.U
Codere Navarra, S.A. (*)	Red Aeam S.A.U
Codere Apuestas Navarra S.A.U.	Sigirec, S.L.
Codere ApuestasValencia, S.A.U.	

(*) These companies were added to the scope of consolidation in 2015.

The companies forming the Spanish consolidated tax group in 2014 were:

- Codere, S.A., as Tax Group Parent and beneficiary.
- And the following subsidiaries:

CODERE, S.A. AND SUBSIDIARIES

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Spanish Tax Group 2014:

Codere, S.A.	Codere España, S.L.U. (unipersonal)
Cartaya, S.A.U.	Codere Interactiva, S.L.
CF-8, S.L.	Codere Internacional, S.L.U. (unipersonal)
Codere America, S.A.U.	Codere Internacional Dos, S.A.U.
Codere Asesoría, S.A.U.	Codere Logroño, S.L.
Codere Apuestas España, S.L.U.	Codere Online, S.A.
Codere Apuestas, S.A.U.	Codere Sagunto, S.L. (*)
Codere Apuestas Aragón, S.L.U.	Codere Servicios Compartidos, S.A.
Codere Apuestas Castilla la Mancha, S.A.	Codere Servicios, S.R.L. (*)
Codere Apuestas Castilla y León, S.A. (*)	Colonder, S.A.U.
Codere Apuestas Cataluña, S.L. (*)	Desarrollo on line juegos regulares, S.A.
Codere Apuestas Ceuta, S.L. (*)	J.M. Quero Asociados, S.A.U.
Codere Apuestas Extremadura, S.A. (*)	JPVmatic 2005, S.L.U.
Codere Apuestas Galicia, S.L.U.	Misuri, S.A.U.
Codere Apuestas La Rioja, S.A. (*)	Nididem, S.L.U. (unipersonal)
Codere Apuestas Murcia, S.L.U.	Operiberica, S.A.U.
Codere Apuestas Navarra S.A.U.	Red Aeam S.A.U.
Codere ApuestasValencia, S.A.U.	Sigirec, S.L.
Codere Distribuciones, S.L.U.	

(*) These companies were added to the scope of consolidation in 2014.

The Group's Italian companies file under consolidated tax group rules applicable in Italy. The companies included in the tax group headed by Codere Italia S.p.A have filed under these rules since 1 January 2005 and the companies in the tax group headed by Operbingo Italia, S.p.A. since 1 January 2006. The Operbingo Italia, S.p.A. tax group was included under the Codere Italia, S.p.A. tax group in 2012.

The subsidiaries included in each of these groups in 2015 and 2014 are as follows:

Italian tax group in 2015

Codere Italia S.p.a.	Operbingo Italia S.p.a.
Seven Cora Service S.r.l.	Gestioni Marconi S.r.l.
Cristaltec Service S.r.l.	Giomax S.r.l.
Vasa e Azzena Service S.r.l.	Vegas S.r.l.
Gap Games, S.r.l.	King Slot S.r.l.
FG Slot Service s.r.l.	King Bingo S.r.l.
DP Service, S.r.l.	Palace Bingo S.r.l.
Codere Gaming Italia S.r.l.	Royal Jackpot S.r.l.
Codemática S.r.l.	Bintegral S.p.a.
CodereNetwork S.p.a.	Parisienne S.r.l.
Gaming Re, S.r.l.	

CODERE, S.A. AND SUBSIDIARIES

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Italian tax group in 2014

Codere Italia S.p.A.	Operbingo Italia S.p.A.
Cristaltec Service S.r.l.	Royal Jackpot, S.R.L.
Seven Cora Service S.r.l.	Bintegral S.p.a.
Vasa e Azzena Service S.r.l.	Gestioni Marconi S.r.l.
Codere Network S.p.A.	Giomax S.r.l.
Codematica S.r.l.	Palace Bingo S.r.l.
Codere Gaming Italia S.r.l.	Parisiene S.r.l.
FG Slot Service S.r.l.	Vegas S.r.l.
Gap Games, S.r.l.	King Slot S.r.l.
Gaming Re, S.r.l.	King Bingo S.r.l.
DP Service, S.r.l.	

The other companies file individual corporate income tax returns.

Companies domiciled in Spain are subject to a statutory income tax rate of 28% in 2015. Nevertheless, certain deductions may be applied to the amount payable. Companies domiciled outside Spain are subject to the tax legislation and rates of the countries in which they are located, which vary between 25% and 39%, except in Chile, where the tax rate is 22.5%, and Columbia, at 29%.

Under current legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the applicable statute of limitations has lapsed.

The directors of Codere S.A. consider that the companies forming the Codere Group have properly settled all applicable taxes and therefore do not expect significant additional liabilities to arise in the event of an inspection.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate:

	Thousand euro	
	2015	2014
Consolidated profit/(loss) before tax	(78,942)	(169,965)
Tax at statutory rate of 28/30%	(22,104)	(50,989)
Tax effects of rates applicable in other countries	9,202	3,230
Tax effect of tax losses and permanent differences for which deferred tax assets were not recognised	76,122	88,644
Tax losses capitalised/derecognised	-	-
Cost associated with tax inspections	-	-
Corporate Income Tax expense taken to the consolidated income statement	63,220	40,885

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

The amount recorded under "Tax effects of rates applicable in other countries" corresponds to the difference arising from applying the statutory rate of 28% in Spain in 2015 and 30% in 2014 to consolidated profit/(loss) before tax and applying the rates prevailing in each country. The amounts of 9,202 thousand euros and 3,230 thousand euros in 2014 and 2014, respectively, correspond principally to the difference arising from the rate in Spain and that applied in Argentina, where the statutory rate is 35%.

The heading "Tax effect of tax losses and permanent differences for which deferred tax assets were not recognised" includes the following items:

- The tax effect of tax losses for which no deferred income tax asset was recognised: specifically the tax effects of tax losses not recognised at 31 December 2015 and 2011, principally in Spain, head offices, Mexico, Uruguay and Brazil, in the amount of approximately 62 million euros (73 million euros in Spain and head offices in 2014).
- The effect of the recognition of deferred taxes in Argentina derived from retained earnings: net reversal of 0.6 million euros in 2015 (net charge of 9.2 million in 2014).
- Permanent differences: differences arising from the application by Group companies of the statutory tax rate in the corresponding country.
- This heading also includes the income tax expense recognised by Spanish companies in respect of foreign taxes collected by each country on revenue from the provision of services and interest received by Codere S.A.

Corporate income tax expense for 2015 was calculated as follows:

	Thousand euro	
	2015	2014
Consolidated profit/(loss) before tax	(78,942)	(169,965)
Non-temporary differences	210,025	218,196
Temporary differences	42,806	29,272
Use of previously unrecognised tax losses	(1,800)	(250)
Tax base (taxable income)	172,089	77,253

Temporary differences correspond mainly to differences in the useful lives of intangible assets and property, plant and equipment for tax and accounting purposes.

Permanent differences correspond mainly to expenses which are not tax deductible and adjustments on consolidation.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

The main components of the income tax expense are as follows:

	Thousand euro	
	2015	2014
Consolidated income statement		
Current tax		
- Current income tax expense (*)	59,364	27,708
- Foreign taxes and other adjustments to current tax	17,962	13,969
Deferred tax		
- Relating to increases and decreases in temporary differences (Note 12)	(13,459)	(10,008)
- Relative to deferred tax charge on retained earnings in Argentina	(647)	9,216
Other adjustments to income tax expense		
Corporate income tax expense	63,220	40,885

(*) Includes cost of tax inspections, if applicable

The tax effect of tax losses for which no tax assets are recognised is reflected in adjustments to current tax. This heading also includes amounts paid for taxes equivalent to Corporate Income mainly in Italy.

The breakdown of tax loss carryforwards pending offset losses of the Codere Group at 31 December 2015 and 2014 after factoring in tax expense for both periods is as follows (thousand euro):

	Thousand euro	
Company	2015	2014
Codere, S.A. (Tax Group)	398,494	360,555
Rest of Spain	24,583	20,604
Italy	39,597	43,298
Mexico	239,125	170,713
Argentina	5,195	1,593
Panama	1,838	3,541
Uruguay	47,425	33,381
Brazil	23,520	28,752
Colombia	9,001	9,001
Total	788,779	671,438

Unrecognised deferred tax assets amount to 201,362 thousand euros at 31 December 2015 and 154,491 thousand euros at 31 December 2014.

The tax credit which may be generated by unused tax losses in respect of income tax in the years to come is not recognised in the Group's consolidated balance sheet, except for capitalised tax credits totalling 20,501 thousand euros corresponding mainly to Codere S.A. (6,972 thousand euros), certain Italian companies (8,700 thousand euros) and certain Mexican companies (3,389 thousand euros).

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In 2014, due to the entry into force of the amendment to the Spanish Corporate Income Tax Act, tax loss carryforwards are no longer subject to any time limit for offset. Tax losses relating to Spain amount to 423,078 thousand euros at 31 December 2015.

The time limits for offsetting tax loss carryforwards prevailing at the year end are as follows:

Year	Thousand euro		Thousand euro	
	2015		2014	
	Spain	Other countries	Spain	Other countries
2014	-	-	-	2,230
2015	-	3,976	-	2,112
2016	-	6,840	-	6,591
2017	-	9,403	-	9,324
2018	-	17,790	-	21,025
2019	-	12,284	-	15,045
2020	-	32,430	-	15,473
2021	-	9,232	-	9,533
2022	-	17,038	-	17,479
2023	-	26,295	-	46,106
2024	-	63,469	-	64,369
2025	-	96,992	-	-
Subsequent periods	-	-	-	-
Indefinite	423,078	69,552	382,906	72,198
Total	423,078	365,701	382,906	281,485

The amount of unused tax credits of the Codere Group at year-end and their expiry dates at 31 December 2015 and 2014 are as follows:

Expiry date	2015	2014
2013	-	-
2014	-	936
2015	-	807
2016	-	1,512
2017	-	1,799
2018	91	4,107
2019	90	6,844
2020	104	1,786
2021	132	5,344
2022	132	30
2023	101	25
2024	97	14
2025	69	97
2026	-	125
2027	261	6,897
2028	58	1,472
2029	-	755
Indefinite	39,197	-
	40,332	32,550

22. Guarantees extended to third parties and other contingent liabilities

One of the Group's main activities is the operation of amusement and gambling machines, which in Spain are subject to the guarantee requirements stipulated by Royal Decree 593/1990 of 27 April. These guarantees have been deposited with the competent authorities.

Although Codere S.A. is not a direct operator of gaming activities, the Company provides guarantees akin to those of an operating company to Group companies when banks require guarantees from the Parent.

The breakdown of sureties and bank guarantees at 31 December 2015 and 2014 is as follows:

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Sureties and guarantees	Thousand euro	
	2015	2014
Sureties and guarantees for gaming	88,559	87,386
Other guarantees	66,684	69,654
	155,243	157,040

Sureties and guarantees for gaming

The most significant sureties and guarantees for gaming operations at 31 December 2015 and 2014 correspond to suretyship policies in respect of obligations derived from the administrative concession granted by L'Amministrazione Autonoma dei Monopoli dello Stato (AAMS) to Codere Network, S.p.A. for the installation and operation of a gaming management network in Italy in the amount of 25,001 thousand euros at 31 December 2015. It should be noted that these policies are external to the senior credit facility and are therefore not covered by that line's guarantee package.

Codere S.A. has also provided guarantees to the tax authorities of the autonomous community of Madrid in respect of the organisation and marketing of sports betting operations totalling 12,003 thousand euros at 31 December 2015 and the same amount at 31 December 2014. It should be noted that these policies are external to the senior credit facility and are therefore not covered by that line's guarantee package.

Codere S.A. is the parent guarantor on the bonds issued by Codere Finance (Luxembourg), S.A. under an intercreditor agreement between the two companies bearing interest at the same rate as the bonds. Said bonds are secondarily guaranteed against pledged shares in Codere España, S.L. and Codere Internacional, S.L.

Other guarantees

There are other non-bank guarantees granted by Codere, S.A. which include those issued by Afianzadora Aserta S.A. de C.V. in México, guarantees in favour of the Mexican Federal Treasury related to the lawsuits concerning tax related interest of Codere México Group amounting to the equivalent of 34,957 thousand euros at 31 December 2015, compared with 34,330 thousand euros at 31 December 2014.

18,880 thousand euros relate to guarantee lines which the Group has utilised when drawing down part of the senior financing facility.

Codere S.A. has also provided other non-bank guarantees including guarantees issued by Generali in Italy to secure the lease of premises and bingo concessions held by the Operbingo Group totalling 4,939 thousand euros which are counter-guaranteed by Codere, S.A.

The Company's Directors do not consider that material obligations are likely to arise from these guarantees, for which no provisions have been recognised.

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The companies listed in the table below own land, buildings and machines which have been pledged as collateral to secure bank loans and tax deferral applications (in the case of Spanish companies), the values of which are as follows:

	Thousand euro		
	December 2015		
	Land and buildings	Machines	Total
Operibérica, S.A.	8,645	36,984	45,629
J.M.Quero S.A.	1,195	-	1,195
J.P.V.Matic 2005, S.L.	844	-	844
Codere Girona, S.L	5,263	-	5,263
Codere Alicante, S.A.	201	-	201
Codere Asesoría, S.L	4,149	-	4,149
Comercial Yontxa, S.A.	231	-	231
Bingos Codere, S.A.	425	-	425
	20,953	36,984	57,937

	Thousand euro		
	December 2014		
	Land and buildings	Machines	Total
Operibérica, S.A.	8,938	61,158	70,096
J.M.Quero S.A.	1,222	-	1,222
J.P.V.Matic 2005, S.L.	858	-	858
Codere Girona, S.L	5,335	-	5,335
Codere Alicante, S.A.	209	-	209
Codere Asesoría, S.L	4,195	-	4,195
Comercial Yontxa, S.A.	261	-	261
	21,018	61,158	82,176

(*) The amounts included under "Machines" in the table above correspond to the value ascribed in the collateral agreements while the amounts recognised under "Land and buildings" are stated at their carrying amounts.

23. Income and expenses

a) Other income

This heading corresponds principally to revenue received under an exclusivity agreement with a machine supplier in Mexico derived from the installation of machines by said supplier in gaming premises not operated by the Codere Group. Since 2013, the revenues from the lease of the Banamex centre are included.

b) Consumables and other external expenses

This heading corresponds to food and drink consumables, principally in Mexico, Argentina, Spain and Panama.

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NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

c) Other operating expenses

	Thousand euro	
	2015	2014
Gaming levies and other taxes	571,914	468,898
Machine rentals and other leases	124,453	109,531
Supplies, repair and maintenance	77,809	72,448
Professional services and other expenses	284,292	285,378
	1,058,468	936,255

d) Staff costs

The breakdown of consolidated employee benefit expense in 2015 and 2014 is as follows:

	Thousand euro	
	2015	2014
Wages, salaries and similar expenses	205,003	178,998
Social security costs	50,785	46,680
Other welfare expenses	20,807	14,452
Total	276,595	240,130

"Wages, salaries and similar expenses" includes termination benefits in the amount of 8,846 thousand euros in 2015 (6,411 thousand euros in 2014).

The effect of the average workforce reduction of over 1,800 persons worldwide has been offset by the impact of salary increases in Argentina, higher than 35% p.a. in 2015, in local currency.

d) Personnel

	2015		2014	
	Average number of employees		Average number of employees	
	Men	Women	Men	Women
Administrative staff	289	382	276	383
Executives (including senior management)	117	15	118	29
Middle management	1,476	645	1,593	661
Manual workers	4,890	3,726	5,963	4,099
Technical staff	1,329	462	1,477	582
Total	8,101	5,230	9,427	5,754

The decrease in the number of employees is due to the Group's restructuring processes carried out in 2015, particularly in Mexico, Argentina and Panama.

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f) Earnings/(loss) per share

Basic earnings/(loss) per share

2015			2014		
Loss for the year (€000)	Average number of shares	Loss per share	Loss for the year (Thousand euro)	Average number of shares	Loss per share
(139,446)	54,752,222	(2.55)	(207,883)	54,752,222	(3.80)

Basic earnings/loss per share attributable to the parent company

2015			2014		
Loss for the year (€000)	Average number of shares	Loss per share	Loss for the year (Thousand euro)	Average number of shares	Loss per share
(113,192)	54,752,222	(2.07)	(173,005)	54,752,222	(3.16)

Basic earnings/(loss) per share from continuing operations attributable to the parent company

2015			2014		
Loss for the year (€000)	Average number of shares	Loss per share	Loss for the year (Thousand euro)	Average number of shares	Loss per share
(113,192)	54,752,222	(2.07)	(173,005)	54,752,222	(3.16)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For this purpose conversion is treated as having taken place at the start of the period or at the moment the potential ordinary shares were issued, if this took place during the period concerned. At 31 December 2015 and 2014 the Group had no dilutive potential ordinary shares, as no convertible debt had been issued and the current share-based payment systems (note 16) will not entail any equity issuance by the Group which could have a dilutive effect in the future.

Including treasury shares, basic earnings per share is calculated on the basis of an average number of shares of 54,752,222 in 2015 (54,752,222 in 2014).

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

g) Financial income and expenses

	Thousand euro	
	2015	2014
Financial expenses		
Contractual interest expense	(135,264)	(132,561)
Provisions and other liabilities: unwinding of discount	(21,165)	(15,613)
Total	(156,429)	(148,174)
Financial income		
Interest income	2,323	2,120
Income from securities, loans and other assets	1,234	1,211
Other finance income	-	-
Total	3,557	3,331
Net gains/(losses) on exchange	(50,469)	(45,899)
Net finance costs	(203,341)	(190,742)

Contractual interest expense

This heading reflects interest expense on borrowings from third parties.

Provisions and other liabilities: unwinding of discount

In 2015 this heading recorded 21,089 thousand euros relating to losses on the purchase and sale of Argentinian government bonds.

In 2014 15,613 thousand euros figured under this heading, mainly in relation to:

- 5,436 thousand euro loss in Mexico as a result of not exercising the purchase option on 15.2% of the Icela Group in June 2014.
- Losses on the sale-purchase of Argentine government bonds in the amount of 10,058 thousand euros.

Net gains/(losses) on exchange

In 2015 this heading is the net result of 227,037 thousand euros of exchange gains and 277,506 thousand euros of exchange losses. In 2014 this heading was the net result of 105,739 thousand euros of exchange gains and 151,637 thousand euros of exchange losses.

CODERE, S.A. AND SUBSIDIARIES

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24. Additional information on the consolidated cash flow statement

Breakdown of cash and cash equivalents

	Thousand euro	
	2015	2014
Cash equivalents	13,883	12,806
Cash at bank and in hand	96,443	73,866
	110,326	86,672

	Thousand euro	
Currency	2015	2014
Euro	37,415	43,214
US dollar	27,503	6,284
Argentine peso	19,768	17,641
Mexican peso	18,399	15,932
Uruguayan peso	4,406	1,745
Colombian peso	2,699	1,657
Sterling	5	1
Chilean peso	37	53
Brazilian real	94	145
	110,326	86,672

Additional information on cash flows

For the year ended 31 December 2015, the main transactions not involving movements of cash were profits on sales of fixed assets and operating income of 191 thousand euros, losses on disposals or sales of fixed assets (5,177 thousand euros) and operating expenses (3,702 thousand euros).

The heading Other under changes in working capital includes the effect of exchange rate fluctuations on operating activities and the variation in time-period adjustments due to prepaid expenses and deferred income.

With regard to cash applied to investing activities in the year ended 31 December 2015, payments were made for fixed-asset acquisitions totalling 67,070 thousand euros and 2,126 thousand euros was earned on sales of fixed assets. In addition, 367 thousand euros was received from long-term loans consisting of: a net increase of 79 thousand euros in loans to the owners of hotel and catering businesses in Spain (loans paid out of 2,247 thousand euros net of receipts of 2,168 thousand euros) and 288 thousand euros received on long-term loans granted to the owners of premises in Italy (loans paid out of 19,902 thousand euros net of receipts of 18,901 thousand euros). Payments have been made in acquisitions of companies totalling 5,269 thousand euros, including the acquisition of non-controlling interests in Mexico and three operators in Italy. This amount is not of the initial cash of these companies acquired for 1,306 thousand euros.

Payments for other financial assets includes the net impact of cash outflows relating to the purchase of bonds in Argentina (purchase of 99,700 thousand euros and sale of 78,600 thousand euros).

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Increases in cash due to bank loans of 1,514 thousand euros relate to loans obtained mainly in Colombia and Italy bingos. The 29,436 thousand euros in bank loan repayments relate mainly to Mexico, Panama and Italy machines. Variation in other financial liabilities includes funds from deferral of taxes amounting to 10,167 thousand euros.

The heading "Other cash flows due to the impact of exchange rates on cash receipts and payments" records applications of funds amounting to 7,406 thousand euros.

For the year ended 31 December 2014, the main transactions not involving movements of cash were profits on sales of fixed assets (2,026 thousand euros), operating income (366 thousand euros), losses on disposals or sales of fixed assets (5,373 thousand euros) and operating expenses (4,232 thousand euros).

With regard to cash applied to investing activities in the year ended 31 December 2014, payments were made for fixed-asset acquisitions totalling 83,641 thousand euros and 6,679 thousand euros was earned on sales of fixed assets. In addition, 144 thousand euros was received from long-term loans consisting of: a net increase of 121 thousand euros in loans to the owners of hotel and catering businesses in Spain (loans paid out of 2,307 thousand euros net of receipts of 2,186 thousand euros) and 23 thousand euros received on long-term loans granted to the owners of premises in Italy (loans paid out of 18,848 thousand euros net of receipts of 18,825 thousand euros). Payments have been made for acquisitions of companies (net of cash received) totalling 2,252 thousand euros which include the acquisition of 49% of minority interests in Mexico and 10% in bingos in Italy for 2,258 thousand euros and includes the 332 thousand euro cash outflow arising in 2013 from the companies ceasing to be consolidated.

Increases in cash due to bank loans of 1,051 thousand euros relate to loans obtained mainly in Italy. The 11,989 thousand euros in bank loan repayments relate to Mexico, Panama and Italy bingos. Variation in other financial liabilities includes funds from deferral of taxes amounting to 2,626 thousand euros.

The heading "Other cash flows due to the impact of exchange rates on cash receipts and payments" records applications of funds amounting to 10,599 thousand euros.

25. Related party disclosures

Transactions with related parties not belonging to the Group at 31 December 2015 and 2014 and year-end balances resulting from related party transactions were as follows:

FY 2015	Nature of relationship	Thousand euro	
		Loans	Services provided
Encarnación Martínez Sampedro	Executive/Director	521	-
Luis Javier Martínez Sampedro	Executive/Director	1,045	-
Fernando Ors	Executive	14	-
José Ramón Romero	Director	-	505
Adolfo Carpena	Executive	9	-
		1,589	505

CODERE, S.A. AND SUBSIDIARIES

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FY 2014	Nature of relationship	Thousand euro	
		Loans	Services provided
Encarnación Martínez Sampedro	Executive/Director	512	-
Luis Javier Martínez Sampedro	Executive/Director	1,026	3
Fernando Ors	Executive	154	-
Jaime Estalella	Executive	3	-
José Ramón Romero	Director	-	500
Pedro Vidal	Executive	154	-
Adolfo Carpena	Executive	103	-
		1,952	503

The interest expense accrued at 31 December 2015 and 2014 on loans to related parties amounted to 54 thousand euros and 64 thousand euros, respectively. No balances were pending payment to related parties at either year-end.

The transactions carried out with related parties were at arm's length. At 31 December 2015, accumulated interest accrued on loans to directors amounting to 982 thousand euros has been provided for in full. In addition, the principal of loans granted to certain directors, totalling 489 thousand euros, has been provided for. At 31 December 2014, accumulated interest accrued on loans to directors amounting to 1,103 thousand euros was provided for in full.

a) Director and senior management remuneration

The salaries, per diems and other remuneration paid to the members of the Board of Directors of Codere S.A. are broken down below:

	Thousand euro	
	2015	2014
Directors' remuneration	602	742
Services rendered (*)	505	500
Fixed and variable remuneration	1,771	1,771
	2,878	3,013

(*) This balance includes fees of 505 thousand euros and 500 thousand euros paid in 2015 and 2014, respectively, to the legal firm of director Mr. José Ramón Romero in respect of legal counsel provided to the Codere Group.

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The fixed remuneration received by the Group's executive directors in 2015 was as follows:

Director	Fixed remuneration	Gross amounts paid (thousand euro)		
		Fixed remuneration as director	Remuneration for attending Board meetings	Total
Mr. José Antonio Martínez Sampedro	912	32	17	961
Mr. Luis Javier Martínez Sampedro	650	32	14	696
Ms. Encarnación Martínez Sampedro	209	32	14	255
Total	1,771	96	45	1,912

The fixed remuneration paid to the Company's non-executive directors in 2015 for their membership of the Board of Directors and its various committees (the Audit Committee, Compliance Committee and Corporate Governance Committee) was as follows:

Director	Fixed remuneration as director	Remuneration for attending Board meetings	Remuneration paid for vice-presidency	Gross amounts paid (thousand euros)			Total
				Remuneration for attending Audit Committee meetings	Remuneration for attending Compliance Committee meetings	Remuneration for attending Corporate Governance Committee meetings	
Masampe S.L. (1)	32	17	28	-	3	6	86
Mr. José Ignacio Cases Méndez	32	17	-	-	3	7	59
Mr. Joseph Zappala	32	17	-	8	3	-	60
Mr. José Ramón Romero Rodríguez	32	17	-	8	3	-	60
Mr. Eugenio Vela Sastre	32	17	-	8	-	7	64
Mr. Juan José Zornoza Pérez	32	17	-	7	-	6	62
Mr. Juan Junquera Temprano	32	17	-	8	3	7	67
Total	224	119	28	39	15	33	461

(1) Represented by José M. Lastra Bermúdez

The remuneration paid to senior management in 2015 was 3,718 thousand euros (3,031 thousand euros at 31 December 2014). No termination benefits were paid to senior executives in 2015. The employment contracts of several of the Spanish members of Codere's management team contain clauses specifying special payments in the event of dismissal in addition to those required by current legislation. The overall amount of the termination benefits under these contracts stood at 1.2 million euros at 31 December 2015 and 1.1 million euros at 31 December 2014.

No advances had been extended to members of the Board of Directors at either year-end. Nor had the Parent assumed pension plan obligations on behalf of former or serving members of the Board. The loans extended to directors and senior managers are detailed at the beginning of this note.

In compliance with their duty to avoid any conflict with the Company's interests, during the year the directors that have held positions on the Board of Directors have complied with the obligations laid down in Article 228 of the Spanish Companies Act 2010. In addition, both they and persons related to them have abstained from coming under the instances of conflict of interest envisaged in Article 229 of said Law, except in cases in which the relevant authorisation has been obtained.

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A conflicted director must abstain from deliberating on resolutions or decisions relating to the transaction giving rise to the conflict. The directors have declared they are not conflicted with Codere, S.A. The Company's directors have also declared that they do not hold investments or posts in companies whose corporate purpose is identical, similar or complementary to that of Codere, S.A. other than those listed in Appendix III.

In addition, in compliance with Article 4.f) of the Board of Directors Regulations of Codere, S.A., the Directors are also obliged to report any direct or indirect shareholdings held by them or their related parties in companies whose corporate purpose is identical, similar or complementary to that of the Company, additionally reporting any positions or duties discharged at these companies. Against this backdrop, they have declared that they have neither performed nor are currently performing any activities, as independent professionals or as employees, at companies whose corporate purpose is identical, similar or complementary to that of the Company, other than those instances itemised in Appendix III.

Neither the directors nor persons acting on their behalf have carried out transactions with the Company during the year that were outside the ordinary course of its business or that were not at arm's length.

b) Balances with the Caliente Group

Certain Mexican companies hold receivables against Caliente Group companies (Mexico minority shareholder) that have not been acquired in the amount of 43,417 thousand euros (38,858 thousand euros at 31 December 2014), the amount of which is provided for in full at 31 December 2015.

c) Balances with the CIE Group

The Codere Group has an account receivable of 10,348 thousand euros at 31 December 2015 (10,718 thousand euros at 31 December 2014) with the CIE Group (minority shareholder in Mexico) company Make Pro, S.A. de C.V. relating to advertising and sponsorship.

26. Auditor remuneration

The fees paid to the Group's auditors are as follows:

	Thousand euro		
	PricewaterhouseCoopers Audidores, S.L.	Other PwC group companies	Total
FY 2015			
Audit services	272	1,693	1,965
Other services	43	270	313
	315	1,963	2,278
FY 2014			
Audit services	290	1,711	2,001
Other services	4	79	83
	294	1,790	2,084

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27. Environmental disclosures

Environmental activity is any transaction the main purpose of which is to minimise environmental impact and to protect and improve an entity's environmental record.

The Group did not make any material investments of an environmental nature in either 2015 or 2014.

No provision is recognised in the consolidated balance sheet for environmental liabilities, as the Group had no material future obligations at year-end in respect of measures to mitigate or repair damage caused to the environment.

28. Events after the balance sheet date

Actions envisaged for 2016 within the financial restructuring process

At the date of these consolidated financial statements, the Group is approaching completion of the implementation the Restructuring process, which is expected to become effective in the coming months.

The actions to be implemented to carry out the Restructuring process are described below, once the completion conditions contained in the Scheme have been complied with (Note 3.f):

- Issue of "New Senior Private Notes" amounting to 218.9 million dollars (200 million euros at the agreed exchange rate of 10 December 2015) by the Group company Codere Finance 2, S.A.
- Issue of the New Notes for 738.9 million dollars (675 million euros at the agreed exchange rate of 10 December 2015, of which 200 million euros relate to "New Cash Notes"; the remaining amount of 475 million will be swapped for existing notes) by the Group company incorporated in 2015, Codere Finance 2, S.A.
- Transfer of capitalisable existing notes (totalling approximately 815 million euros at the date of the annual accounts, adjustable at the date of execution on the basis of total accrued interest) to the Group company issuing said notes, Codere Finance Luxembourg, S.A.
- As consideration for the foregoing, Codere Finance Luxembourg, S.A. delivery to the holders of said notes and the global coordinator the equivalent amount (815 million euros at the date of preparation of the annual accounts, adjustable at the date of execution on the basis of total accrued interest) of the loan agreements between Codere Finance Luxembourg, S.A. and Codere, S.A. (the "Funding Loan Agreements") to be capitalised, on the basis of the agreed percentages.
- Following approval by the CNMV of the transaction prospectus, holding of a Board meeting by Codere, S.A. to approve the capital increase through the capitalisation of debt approved by the shareholders in general meeting on 4 December 2015.

CODERE, S.A. AND SUBSIDIARIES

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- Execution of the sale agreement for 19.2% of the shares of Codere, S.A. received by the Scheme creditors from the Key Executives.
- Incorporation of Codere Newco, S.A. (approved by the shareholders in extraordinary meeting on 4 December 2015), 100% owned by Codere, S.A. through the transfer in bloc of the latter's assets and liabilities.
- Contribution by Codere, S.A. of its shares in Codere Newco, S.A. to a newly created Luxembourg company ("Luxco 2"), and subsequent contribution of all the shares of Luxco 2 to another newly incorporated Luxembourg company, with certain guarantees being provided.
- Payment of cash backstop fee of 5% of the total value of the new cash bond issue and the cash backstop fee of 2% of the senior loan agreement for an amount of 10 million euros and 4.7 million euros, respectively.
- Execution of the warrants, if applicable, described in Note 3.f) i).
- At completion of the Restructuring, the shareholders at that time will appoint a new board of nine directors which will consist of the following (subject to compliance with certain requirements for a listed company prior to the de-listing of the company):
 - a) José Antonio Martínez Sampedro (Chairman and CEO) and two additional directors nominated by the Key Executives;
 - b) five (5) non-executive directors nominated by the Existing Noteholders, who in turn will be proposed: (i) three (3) directors, appointed by the Core Equity Group (i.e. Existing Noteholders who, upon completion of the Restructuring, hold in excess of 10% of the share capital of Codere and who meet certain conditions) and (ii) two (2) directors appointed by the Existing Noteholders who are not part of the Core Equity Group. Notwithstanding this 3/2 split between Existing Noteholders, the definitive numbers will be based on the final composition of the Core Equity Group and their aggregate holdings in the post-restructured equity; and
 - c) one (1) non-executive director nominated jointly by (i) Existing Noteholders who are not part of the Core Equity Group and (ii) the Key Executives.

The members of the new board has have already been approved in the Scheme.

- Codere shall procure its de-listing by launching a de-listing public offer (OPA de exclusión) (a "Take Private Offer") addressed to all its shareholders post-Restructuring unless the price to be offered pursuant to applicable legislation (as determined with the CNMV) exceeds the cap that the parties agree during the implementation of the Restructuring. José Antonio Martínez Sampedro, Javier Martínez Sampedro and certain other members of the Martínez Sampedro family and the Existing Noteholders have agreed not to tender their holdings of shares of Codere (subject to certain exceptions) in any such Take Private Offer. Those shares in the Company which are tendered by the participants in the Take Private Offer shall thereafter be (re)allocated to the participants in the New Cash Notes Subscription in accordance with implementation mechanics to be agreed.

The funds received upon the conclusion of the Restructuring, amounting to 400 million euros, through the New Senior Private Notes and the New Cash Notes, will be used for the repayment of the Senior credit facility existing in Codere, S.A., for the payment of transaction costs and for other

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS (Thousand euro)

operations (including the acquisition of minority shareholdings and the payment of debts to suppliers).

Change in shareholder structure in Carrasco Nobile, S.A.

On 22 January 2016, Carrasco Nobile, S.A. was notified of an injunction filed for by Sikeston, S.A. (minority shareholder of Carrasco Nobile, S.A.) before a Uruguay court which paralysed the resolution adopted by an extraordinary general meeting of Nobile, S.A. dated 30 December 2015 approving a capital increase of 670 million Uruguay pesos (20.5 million euros approx. at 31 December 2015) in order to restore the company's financial situation. At said general meeting, Codere México, S.A. de C.V. undertook to subscribe the amount of the capital increase pertaining to it, i.e. 494 million pesos (15.2 million euros approx. at 31 December 2015). Codere Group has appealed against the injunction and, on the basis of its legal advisers' opinion, believes that the court ruling will be in favour of the Codere Group.

APPENDIX I

Consolidated Group at 31 December 2015 and 2014

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
SPAIN:						
CARTAYA, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Bingo hall operation	Full consol.	100%	CODERE ESPAÑA, S.L.U.	100%	CODERE ESPAÑA, S.L.U.
C-F8, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming machine operation	Full consol.	75%	OPERIBERICA, S.A.U.	75%	OPERIBERICA, S.A.U.
CODERE ALICANTE, S.L.U. Avda. Alquería de Moret, 19-21 Picanya (Valencia)	Gaming machine operation	Full consol.	59%	CODERE ESPAÑA, S.L.U.	59%	CODERE ESPAÑA, S.L.U.
CODERE APUESTAS, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	CODERE APUESTAS ESPAÑA, S.L.U.
CODERE APUESTAS ARAGÓN, S.L.U. Calle José Pellicer, 33 50007 Zaragoza	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.
CODERE APUESTAS ASTURIAS, S.A.U. Calle Pola de Siero, 8 y 10 33207 Gijón (Asturias)	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	-	-

Name	Business	Consolidation method	2015		2014	
			% Shareholding	Holding company	% Shareholding	Holding company
CODERE APUESTAS CANTABRIA, S.A.U. Calle Columna Sagardía, 3 y 5 39009 Santander	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	-	-
CODERE APUESTAS CASTILLA LA MANCHA, S.A.U. Polígono Industrial "Santa Maria de Benquerencia", Calle Jarama, 50 A 45007 Toledo	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.
CODERE APUESTAS CASTILLA Y LEÓN, S.A.U. Calle Recondo, 11 - 13 47007 Valladolid	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.
CODERE APUESTAS CATALUÑA, S.A. Polígono Industrial "Riera de Caldes" Calle Mercaders, 1 08184 Palaú I Solitá Plegamans (Barcelona)	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.
CODERE APUESTAS CEUTA, S.L. Glorieta del Teniente Reinoso, s/nº, edificio "Ceuta Center", B-22-25, 51001 Ceuta	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.
CODERE APUESTAS ESPAÑA, S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Sports betting	Full consol.	100%	CODERE, S.A.	100%	CODERE, S.A.

Name	Business	Consolidation method	2015		2014	
			% Shareholding	Holding company	% Shareholding	Holding company
CODERE APUESTAS EXTREMADURA, S.A.U. Polígono Industrial Capellanías, Travesía 1, Parcela 105, Nave 11 10005 Cáceres	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.
CODERE APUESTAS GALICIA, S.L.U. Edificio "Palacio de la Opera" Glorieta de América s/n local E, 15004 A Coruña	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.
CODERE APUESTAS MELILLA, S.A.U. Calle Puerto Deportivo Local, 11, 52001 Melilla	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	-	-
CODERE APUESTAS MURCIA, S.L.U. Calle Los Martínez, 4 (Bajo), Barrio del Progreso, 30012 Murcia	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.
CODERE APUESTAS NAVARRA S.A.U. Polígono Plazaola, Manzana D, Nave 10, Aizoain 31195 Barrioplano (Navarra)	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.
CODERE APUESTAS LA RIOJA, S.A.U. Polígono Industrial "El Sequero", Calle Río Piqueras, 133 – N3 26151 Arrubal (La Rioja)	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
CODERE APUESTAS VALENCIA S.A.U. Avda. Alquería de Moret, 19-21 46210 Picanya (Valencia)	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.
CODERE AMÉRICA, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Management and administration of the capital of entities not resident in Spain	Full consol.	100%	CODERE INTERNACIONAL DOS S.A.U.	100%	CODERE INTERNACIONAL DOS S.A.U.
CODERE ASESORÍA, S.A.U. Avda. Alquería de Moret, 19-21 46210 Picanya (Valencia)	Gaming machine operation	Full consol.	100%	OPERIBERICA, S.A.U.	100%	OPERIBERICA, S.A.U.
CODERE CASTILLA Y LEÓN, S.L.U. Calle Recondo, 11-13, 47007 Valladolid	Gaming machine operation	Full consol.	100%	OPERIBERICA, S.A.U.	-	-
CODERE DISTRIBUCIONES, S.L.U. Pol. Ind. Riera de Caldes, Calle Mercaders, 1 08184 Palau de Plegamans (Barcelona)	Gaming machine operation, distribution and marketing	Full consol.	100%	OPERIBERICA, S.A.U.	100%	OPERIBERICA, S.A.U.
CODERE ESPAÑA, S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Holding company; gaming machine and bingo hall operation	Full consol.	100%	CODERE, S.A.	100%	CODERE, S.A.

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
CODERE GIRONA, S.A.						
Calle Benet del Riu, 10 17007 Girona (Barcelona)	Gaming machine operation	Full consol.	66.67%	CODERE ESPAÑA, S.L.U.	66.67%	CODERE ESPAÑA, S.L.U.
CODERE GUADALAJARA, S.L.						
Avda. de Bruselas, 26 Alcobendas (Madrid)	Gaming machine operation, distribution and marketing	Full consol.	50%	OPERIBERICA, S.A.U.	50%	OPERIBERICA, S.A.U.
CODERE HUESCA, S.L.						
Calle Cavia, 8 portal 6, local B 22005 Huesca	Gaming machine operation	Full consol.	51.02%	OPERIBERICA, S.A.U.	51.02%	OPERIBERICA, S.A.U.
CODERE INTERNACIONAL, S.L.U.						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Holding company	Full consol.	100%	CODERE, S.A.	100%	CODERE, S.A.
CODERE INTERNACIONAL DOS S.A.U.						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Holding company	Full consol.	100%	CODERE INTERNACIONAL S.L.U.	100%	CODERE INTERNACIONAL S.L.U.
CODERE INTERACTIVA, S.L.						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Television, online and telephony gaming	Full consol.	90%	CODERE, S.A.	90%	CODERE, S.A.
CODERE LATAM S.L.U.						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Management and administration of the capital of entities not resident in Spain	Full consol.	100%	CODERE INTERNACIONAL DOS S.A.U.	-	-

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
CODERE LOGROÑO, S.L.						
Calle Río Piqueras 133 26509 Arrubal (La Rioja)	Gaming machine operation	Full consol.	75.03%	OPERIBERICA, S.A.U.	75.03%	OPERIBERICA, S.A.U.
CODERE ONLINE S.A.U.						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming organisation, marketing and operation	Full consol.	100%	CODERE ESPAÑA, S.L.U.	100%	CODERE ESPAÑA, S.L.U.
CODERE NAVARRA, S.A.U.						
Polígono Plazaola, manzana D, nave 10 31195 Aizoán, Berrioplano (Navarra)	Gaming machine operation	Full consol.	100%	OPERIBERICA, S.A.U.	-	-
CODERE SAGUNTO, S.L.						
Pol. Ind. Alqueria de Moret, Avda. Alqueria de Moret, 19 y 21 46210 Picanya (Valencia)	Gaming machine operation	Full consol.	100%	OPERIBERICA, S.A.U.	100%	OPERIBERICA, S.A.U.
Codere Servicios Compartidos, S.A. (*)						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Financial services	Full consol.	100%	CODERE, S.A.	100%	CODERE, S.A.
CODERE SERVICIOS S.R.L.						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Advisory, intermediary and real-estate development and management services	Full consol.	100%	JPV MATIC 2005, S.L.	100%	JPV MATIC 2005, S.L.
CODERE, S.A.						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Financial services	Full consol.	100%	-	100%	-

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
COLONDER, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Holding company	Full consol.	100%	CODERE INTERNACIONAL DOS S.A.U.	100%	CODERE INTERNACIONAL DOS S.A.U.
COMERCIAL YONTXA, S.A. Calle Nicolás Alcorta, 1 48003 Bilbao	Gaming machine operation	Full consol.	51%	OPERIBERICA, S.A.U.	51%	OPERIBERICA, S.A.U.
DESARROLLO ONLINE JUEGOS REGULADOS, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Online gaming activities	Full consol.	100%	CODERE ONLINE S.A.U.	100%	CODERE ONLINE S.A.U.
EL PORTALÓN, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming machine operation	Full consol.	50%	OPERIBERICA, S.A.U.	50%	OPERIBERICA, S.A.U.
GARAIPEN VICTORIA APUSTUAK, S.L. Calle Ribera de Axpe, 11, pabellón 5, nave D 2 48950 Erandio (Vizcaya)	Sports betting	Full consol.	84.81%	CODERE APUESTAS ESPAÑA, S.L.U. and COMERCIAL YONTXA S.A.	84.81%	CODERE APUESTAS ESPAÑA, S.L.U. and COMERCIAL YONTXA S.A.
J.M. QUERO Y ASOCIADOS, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming machine operation	Full consol.	100%	CODERE ESPAÑA, S.L.U.	100%	CODERE ESPAÑA, S.L.U.
JPVMATIC 2005, S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming machine operation	Full consol.	100%	CODERE ESPAÑA, S.L.U.	100%	CODERE ESPAÑA, S.L.U.

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
MISURI, S.A.U.						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Bingo gaming	Full consol.	100%	CODERE ESPAÑA, S.L.U.	100%	CODERE ESPAÑA, S.L.U.
NIDIDEM, S.L.U.						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Management of controlled investees	Full consol.	100%	CODERE INTERNACIONAL DOS S.A.U.	100%	CODERE INTERNACIONAL DOS S.A.U.
OPERIBÉRICA, S.A.U.						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming machine operation	Full consol.	100%	CODERE ESPAÑA, S.L.U.	100%	CODERE ESPAÑA, S.L.U.
OPEROESTE, S.A.						
Calle Hernán Cortés, 188 06700 Villanueva de la Serena (Badajoz)	Gaming machine operation	Full consol.	50%	OPERIBÉRICA, S.A.U.	50%	OPERIBÉRICA, S.A.U.
OPERSHERKA, S.L.U.						
Calle Padre Melchor Prieto, 31 09005 Burgos	Gaming machine operation	Full consol.	51%	COMERCIAL YONTXA, S.A.	51%	COMERCIAL YONTXA, S.A.
RECREATIVOS ACR, S.L.						
Polígono Espíritu Santo, Parcela 11-12 Nave 3 33010 Colloto, Oviedo (Asturias)	Gaming machine operation	Full consol.	50%	OPERIBÉRICA, S.A.U.	50%	OPERIBÉRICA, S.A.U.
RECREATIVOS OBELISCO, S.L.						
Polígono Industrial San Rafael, Calle San Rafael-73 04230 Huerca de Almería (Almería)	Gaming machine operation	Full consol.	60.61%	OPERIBÉRICA, S.A.U.	60.61%	OPERIBÉRICA, S.A.U.

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
RED AEAM, S.A.U.						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Bingo gaming	Full consol.	100%	MISURI, S.A.U.	100%	MISURI, S.A.U.
RESTI Y CIA, S.L.						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming machine operation	Full consol.	50%	OPERIBÉRICA, S.A.U.	50%	OPERIBÉRICA, S.A.U.
SIGIREC, S.L.						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming machine operation	Full consol.	75.05%	OPERIBÉRICA, S.A.U.	75.05%	OPERIBÉRICA, S.A.U.
ARGENTINA						
BINGOS DEL OESTE, S.A.						
Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Lotteries and bingo halls	Full consol.	100%	CODERE ARGENTINA, S.A. and BINGOS PLATENSES, S.A	100%	CODERE ARGENTINA, S.A. and BINGOS PLATENSES, S.A
BINGOS PLATENSES, S.A.						
Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Bingo hall operation	Full consol.	100%	CODERE ARGENTINA, S.A. and COLONDER S.A.U.	100%	CODERE ARGENTINA, S.A. and COLONDER S.A.U.
CODERE ARGENTINA, S.A.						
Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Holding company	Full consol.	100%	IBERARGEN, S.A. and COLONDER S.A.U.	100%	IBERARGEN, S.A. and COLONDER S.A.U.

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
IBERARGEN, S.A.						
Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Bingo, lotteries and food and drink	Full consol.	100%	COLONDER S.A.U. and NIDIDEM, S.L.U.	100%	COLONDER S.A.U. and NIDIDEM, S.L.U.
INTERBAS, S.A.						
Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Lottery and bingo hall operation	Full consol.	100%	COLONDER S.A.U. and IBERARGEN S.A.	100%	COLONDER S.A.U. and IBERARGEN S.A.
INTERJUEGOS, S.A.						
Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Lotteries and bingo	Full consol.	100%	CODERE ARGENTINA, S.A. and COLONDER S.A.U.	100%	CODERE ARGENTINA, S.A. and COLONDER S.A.U.
INTERMAR BINGOS, S.A.						
Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Bingo hall operation	Full consol.	80%	CODERE ARGENTINA, S.A. and COLONDER S.A.U.	80%	CODERE ARGENTINA, S.A. and COLONDER S.A.U.
ITAPOAN, S.A.						
Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Bingo hall operation	Full consol.	81.80%	IBERARGEN, S.A. and INTERBAS, S.A.	81.80%	IBERARGEN, S.A. and INTERBAS, S.A.
SAN JAIME, S.A.						
Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Real estate	Full consol.	100%	CODERE ARGENTINA, S.A. and BINGOS DEL OESTE, S.A.	100%	CODERE ARGENTINA, S.A. and BINGOS DEL OESTE, S.A.
BINGOS DEL OESTE S.A.–BINGO DEL PUENTE S.A. Unión Transitoria de Empresas						
Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Hall operation and brand utilisation.	Prop. consol.	92%	BINGOS DEL OESTE, S.A.	-	-

Name	Business	Consolidation method	2015		2014	
			% Shareholding	Holding company	% Shareholding	Holding company
BRAZIL:						
CODERE DO BRASIL ENTRETENIMIENTO Ltda. Rua dos Três Irmãos, 310 – conjuntos 308, Morumbi Ciudad de Sao Paulo (Estado de Sao Paulo)	Gaming machine operation and racetrack management	Full consol.	100%	CODERE LATAM, S.L.U. and NIDIDEM, S.L.U.	100%	CODERE AMÉRICA, S.A.U. and NIDIDEM, S.L.U.
SIMULCASTING BRASIL SOM E IMAGEM, Ltda. Rua Helena, nº 260, piso 8, Conj.:82-A Ciudad de Sao Paulo (Estado de Sao Paulo)	Gaming machine operation and racetrack management	Full consol.	100%	CODERE INTERNACIONAL DOS S.A.U. Y NIDIDEM, S.L.U.	-	-
CHILE:						
CODERE CHILE, Ltda. Gerónimo de Alderete 790, depto. 107, La Florida Santiago de Chile (Chile)	Investment, lease, disposal, sale-purchase and exchange of all manner of assets	Full consol.	100%	CODERE AMÉRICA, S.A.U. and NIDIDEM, S.L.U.	100%	CODERE AMÉRICA, S.A.U. and NIDIDEM, S.L.U.
COLOMBIA:						
BINGOS CODERE, S.A. Transversal 95 Bis A No. 25 D – 41 Bogotá (Colombia)	Bingo hall operation	Full consol.	99.99%	NIDIDEM, S.L.U., INTERSARE, S.A., CODERE COLOMBIA, S.A., COLONDER, S.A.U. and CODERE LATAMS.L.U.	99.99%	NIDIDEM, S.L.U., INTERSARE, S.A., CODERE COLOMBIA, S.A., COLONDER, S.A.U. and CODERE AMÉRICA S.A.U.
CODERE COLOMBIA, S.A. Transversal 95 Bis A No. 25 D – 41 Bogotá (Colombia)	Operation of electronic games and games of chance	Full consol.	99.99%	COLONDER, S.A.U., NIDIDEM S.L.U., CODERE LATAM, S.L.U. and CODERE INTERNACIONAL S.L.U.	99.99%	COLONDER, S.A.U., NIDIDEM S.L.U., CODERE AMÉRICA, S.A.U. and CODERE INTERNACIONAL S.L.U.

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
INTERSARE, S.A. Transversal 95 Bis A No. 25 D – 41 Bogotá (Colombia)	Business operation of electronic gaming machines directly and via third parties	Full consol.	59.89%	CODERE COLOMBIA S.A. and NIDIDEM, S.L.U.	59.89%	CODERE COLOMBIA S.A. and NIDIDEM, S.L.U.
ENGLAND AND SCOTLAND:						
CODERE FINANCE (UK) 20-22 Bedford Row, London WC1R 4JS United Kingdom	Authorised to conduct all legal activities.	Full consol.	100%	CODERE, S.A.	100%	CODERE, S.A.
ITALY:						
BINTEGRAL, S.P.A. Via Cornellia, 498 Rome	Bingo hall operation	Full consol.	100%	OPERBINGO ITALIA, S.P.A.	100%	OPERBINGO ITALIA, S.P.A.
CODERE GAMING ITALIA, S.R.L. Via Cornellia, 498 Rome	Holding company	Full consol.	100%	CODERE ITALIA, S.P.A.	100%	CODERE ITALIA, S.P.A.
CODERE ITALIA, S.P.A. Via Cornellia, 498 Rome	Provision of advisory services	Full consol.	100%	CODERE INTERNACIONAL, S.L.U.	100%	CODERE INTERNACIONAL, S.L.U.

Name	Business	Consolidation method	2015		2014	
			% Shareholding	Holding company	% Shareholding	Holding company
CODEMATICA, S.R.L.						
Via Cornellia, 498 Rome	Gaming machine operation	Full consol.	100%	CODERE GAMING ITALIA, S.R.L.	100%	CODERE GAMING ITALIA, S.R.L.
CODERE NETWORK, S.P.A.						
Via Cornellia, 498 Rome	Network concession	Full consol.	100%	CODEMATICA, S.R.L.	100%	CODEMATICA, S.R.L.
CRISTALTEC SERVICE, S.R.L.						
Via Cornellia, 498 Rome	Gaming machine operation	Full consol.	51%	CODERE ITALIA, S.P.A.	51%	CODERE ITALIA, S.P.A.
DP SERVICE S.R.L.						
Via Cornelia 498 Rome	Gaming machine operation	Full consol.	60%	CODERE ITALIA, S.P.A.	60%	CODERE ITALIA, S.P.A.
FG SLOT SERVICE S.R.L.						
Via Cornellia, 498 Rome	Gaming machine operation	Full consol.	55%	CODERE ITALIA, S.P.A.	55%	CODERE ITALIA, S.P.A.
GAME OVER, S.R.L.						
Via Cornellia, 498 Rome	Gaming machine operation	Full consol.	51%	CODERE ITALIA, S.P.A.	-	-
GAMING RE S.R.L.						
Via Cornellia, 498 Rome	Gaming machine operation	Full consol.	75%	CODERE ITALIA, S.P.A.	75%	CODERE ITALIA, S.P.A.

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
GAP GAMES S.R.L. Via Cornellia, 498 Rome	Gaming machine operation	Full consol.	51%	CODERE ITALIA, S.P.A.	51%	CODERE ITALIA, S.P.A.
G.A.R.E.T., S.R.L. Via Cornellia, 498 Rome	Gaming machine operation	Full consol.	51%	CODERE ITALIA, S.P.A.	-	-
GESTIONI MARCONI, S.R.L. Via Cornellia, 498 Rome	Bingo hall operation	Full consol.	100%	OPERBINGO ITALIA, S.P.A.	100%	OPERBINGO ITALIA, S.P.A.
GIOMAX, S.R.L. Via Cornellia, 498 Rome	Bingo hall operation	Full consol.	100%	OPERBINGO ITALIA, S.P.A.	100%	OPERBINGO ITALIA, S.P.A.
HIPPOBINGO FIRENZE, S.R.L. Via Giuseppe Ambrosini, 300 Cesena	Bingo hall operation	P	34%	OPERBINGO ITALIA, S.P.A.	-	-
KING SLOT S.R.L. Via Strada Statale Sannitica, 265. km.25,800 Maddaloni (Ce), Italy	Bingo hall operation	Full consol.	85%	OPERBINGO ITALIA, S.P.A.	85%	OPERBINGO ITALIA, S.P.A.
KING BINGO, S.R.L.	Bingo hall operation					

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
Via Strada Statale Sannitica, 265. km.25,800 Maddaloni (Ce), Italy		Full consol.	85%	OPERBINGO ITALIA, S.P.A.	85%	OPERBINGO ITALIA, S.P.A.
NEW JOKER S.R.L.						
Via della Magliana, 279a Rome	Bingo hall operation	P	30%	OPERBINGO ITALIA, S.P.A.	30%	OPERBINGO ITALIA, S.P.A.
OPERBINGO ITALIA, S.P.A.						
Via Cornellia, 498 Rome	Bingo hall operation	Full consol.	100%	CODERE ITALIA, S.P.A.	100%	CODERE ITALIA, S.P.A.
PALACE BINGO, S.R.L.						
Via Cornellia, 498 Rome	Bingo hall operation	Full consol.	100%	OPERBINGO ITALIA, S.P.A.	100%	OPERBINGO ITALIA, S.P.A.
PARISIENNE, S.R.L.						
Via Cornelia, 498 Rome	Bingo hall operation	Full consol.	100%	OPERBINGO ITALIA, S.P.A.	100%	OPERBINGO ITALIA, S.P.A.
PGO SERVICE, S.R.L.						
Via Divisione Folgore n. 9/A Vicenza	Gaming machine operation	Full consol.	51%	GAP GAMES S.R.L.	-	-
ROYAL JACKPOT, S.R.L.						
Via Cornellia, 498 Colleferro (RM)	Bingo hall operation	Full consol.	51%	CRISTALTEC SERVICE, S.R.L.	51%	CODERE ITALIA, S.P.A.
SEVEN CORA SERVICE, S.R.L.	Gaming machine operation		60%	CODERE ITALIA, S.P.A.	60%	CODERE ITALIA, S.P.A.

Name	Business	Consolidation method	2015		2014	
			% Shareholding	Holding company	% Shareholding	Holding company
Via Cornellia, 498 Rome		Full consol.				
<p> VASA & AZZENA SERVICE, S.R.L. Via Cornellia, 498 Rome </p>	Gaming machine operation	Full consol.	51%	CODERE ITALIA, S.P.A.	51%	CODERE ITALIA, S.P.A.
<p> VEGAS, S.R.L. Via Cornellia, 498 Rome </p>	Bingo hall operation	Full consol.	100%	OPERBINGO ITALIA, S.P.A.	100%	OPERBINGO ITALIA, S.P.A.
FLORIDA:						
<p> CODERE INTERACTIVE, INC 200 Crandon Boulevard, Suite 331Key Biscayne 33149 Florida, USA </p>	Any legal business.	Full consol.	100%	CODERE S.A.	100%	CODERE S.A.
LUXEMBOURG:						
<p> CODERE FINANCE, S.A. 6C, rue Gabriel Lippmann, L-5365 Munsbach (Luxembourg) </p>	Holding company	Full consol.	100%	CODERE, S.A. and CODERE ESPAÑA, S.L.U.	100%	CODERE, S.A. and CODERE ESPAÑA, S.L.U.
<p> CODERE FINANCE 2, S.A. 6C, rue Gabriel Lippmann, L-5365 Munsbach (Luxembourg) </p>	Holding company	Full consol.	100%	CODERE, S.A.	-	-

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
MEXICO:						
ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal.	Operation, administration and development of racetracks and sports events	Full consol.	84.8%	IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A.P.I. DE C.V. and SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. DE C.V.	84.8%	IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A.P.I. DE C.V. and SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. DE C.V.
ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. ASOCIACIÓN EN PARTICIPACIÓN Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal.	Operation, administration and development of racetracks and sports events	Full consol.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A DE C.V. and ENTRETENIMIENTO RECREATIVO, S.A. DE C.V.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A DE C.V. and ENTRETENIMIENTO RECREATIVO, S.A. DE C.V.
ADMINISTRADORA MEXICANA DEL HIPÓDROMO II, S.A. DE C.V Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal.	Operation, administration and development of racetracks and sports events	Full consol.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V., JUEGAMAX DE LAS AMÉRICAS S.A. DE C.V.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V., JUEGAMAX DE LAS AMÉRICAS S.A. DE C.V.
ADMINISTRADORA MEXICANA DEL HIPÓDROMO III, S.A. de C.V Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal.	Operation, administration and development of racetracks and sports events	Full consol.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and IMPULSORA RECREATIVA DE ENTRETENIMIENTO AMH, S.A. DE C.V.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and IMPULSORA RECREATIVA DE ENTRETENIMIENTO AMH, S.A. DE C.V.
ADMINISTRADORA MEXICANA DEL HIPÓDROMO IV, S.A. de C.V Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal.	Operation, administration and development of racetracks and sports events	Full consol.	43.25%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V.	43.25%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V.

Name	Business	Consolidation method	2015		2014	
			% Shareholding	Holding company	% Shareholding	Holding company
CALLE DE ENTRETENIMIENTO, S.A. de C.V. Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Development, construction, organisation, operation, acquisition of and equity investing in companies	Full consol.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and ENTRETENIMIENTO VIRTUAL, S.A. DE C.V.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and ENTRETENIMIENTO VIRTUAL, S.A. DE C.V.
CALLE ICELA S.A. DE C.V. Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Development, construction, organisation, operation, acquisition of and equity investing in companies	P	49%	CODERE MÉXICO, S.A. DE C.V.	49%	CODERE MÉXICO, S.A. DE C.V.
CODERE MÉXICO, S.A. DE C.V. Av. Conscripto 311, Puerta 4 Caballerizas 6 D 102, Lomas de Sotelo Ciudad de México, Distrito Federal	Holding company	Full consol.	100%	CODERE LATAM, S.L.U., CODERE S.A. and NIDIDEM, S.L.U.	100%	CODERE AMÉRICA, S.A.U., CODERE S.A. and NIDIDEM, S.L.U.
CENTRO DE CONVENCIONES LAS AMÉRICAS S.A de C.V Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Administration, operation and development of exhibitions and conventions	P	49%	HOTEL ICELA S.A.P.I. DE C.V. and CALLE ICELA S.A.P.I. DE C.V.	49%	HOTEL ICELA S.A.P.I. DE C.V. and CALLE ICELA S.A.P.I. DE C.V.
COMERCIALIZADORA SORTIJUEGOS, S.A. DE C.V. Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Other business support services	Full consol.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and ENTRETENIMIENTO VIRTUAL S.A. DE C.V.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and ENTRETENIMIENTO VIRTUAL S.A. DE C.V.

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
<p>ENTRENIMIENTO RECREATIVO, S.A. DE C.V.</p> <p>Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo</p> <p>Ciudad de México, Distrito Federal</p>	Operation of legally-permitted games	Full consol.	84.8%	IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A.P.I. DE C.V. and ENTRETENIMIENTO VIRTUAL, S.A. DE C.V.	84.8%	IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A.P.I. DE C.V. and ENTRETENIMIENTO VIRTUAL, S.A. DE C.V.
<p>ENTRETENIMIENTO VIRTUAL, S.A. DE C.V.</p> <p>Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo</p> <p>Ciudad de México, Distrito Federal</p>	Development, construction, organisation, operation, acquisition of and equity investing in companies	Full consol.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and ENTRETENIMIENTO RECREATIVO S.A. DE C.V.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and ENTRETENIMIENTO RECREATIVO S.A. DE C.V.
<p>GRUPO CALIENTE S.A.P.I. DE C.V.</p> <p>Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo</p> <p>Ciudad de México, Distrito Federal</p>	Operation of gaming machines and games of chance	Full consol.	67.3%	CODERE MÉXICO, S.A. DE C.V.	67.30%	CODERE MÉXICO, S.A. DE C.V.
<p>GRUPO INVERJUEGO, S.A.P.I. DE C.V.</p> <p>Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo</p> <p>Ciudad de México, Distrito Federal</p>	Gaming	Full consol.	67.3%	CODERE MÉXICO, S.A. DE C.V.	67.30%	CODERE MÉXICO, S.A. DE C.V.
<p>HOTEL ENTRETENIMIENTO LAS AMÉRICAS, S.A. DE C.V.</p> <p>Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo</p> <p>Ciudad de México, Distrito Federal</p>	Construction and management of tourism and sports complexes	P	49%	HOTEL ICELA S.A.P.I. DE C.V. and CALLE ICELA S.A.P.I. DE C.V.	49%	HOTEL ICELA S.A.P.I. DE C.V. and CALLE ICELA S.A.P.I. DE C.V.
<p>HOTEL ICELA S.A.P.I. DE C.V.</p> <p>Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo</p> <p>Ciudad de México, Distrito Federal</p>	Development, construction, organisation, operation, acquisition of and equity investing in companies	P	49%	CODERE MÉXICO, S.A. DE C.V.	49%	CODERE MÉXICO, S.A. DE C.V.

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
IMPULSORA RECREATIVA DE ENTRETENIMIENTO AMH, S.A. DE C.V. Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Gaming room management	Full consol.	84.80%	ENTRETENIMIENTO VIRTUAL, S.A. DE C.V. and COMERCIALIZADORA SORTIJUEGOS, S.A. DE C.V.	84.80%	ENTRETENIMIENTO VIRTUAL, S.A. DE C.V. and COMERCIALIZADORA SORTIJUEGOS, S.A. DE C.V.
IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A.P.I. de C.V. Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Payroll services	Full consol.	84.80%	CODERE MÉXICO, S.A. DE C.V.	84.80%	CODERE MÉXICO, S.A. DE C.V.
JUEGAMAX DE LAS AMÉRICAS S.A. DE CV Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Gaming room operation	Full consol.	84.80%	ENTRETENIMIENTO VIRTUAL, S.A. DE C.V. and COMERCIALIZADORA SORTIJUEGOS, S.A. DE C.V.	84.80%	ENTRETENIMIENTO VIRTUAL, S.A. DE C.V. and COMERCIALIZADORA SORTIJUEGOS, S.A. DE C.V.
JOMAHARHO S.A.P.I. DE C.V. Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Organisation of all manner of games, bets and draws	Full consol.	67.30%	CODERE MÉXICO, S.A. DE C.V.	67.30%	CODERE MÉXICO, S.A. DE C.V.
MIO GAMES, S.A. DE C.V. Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Gaming	Full consol.	67.30%	PROMOJUEGOS DE MÉXICO, S.A. DE C.V. and GRUPO INVERJUEGO, S.A.P.I. DE C.V.	67.30%	PROMOJUEGOS DE MÉXICO, S.A. DE C.V. and GRUPO INVERJUEGO, S.A.P.I. DE C.V.
LIBROS FORANEOS S.A. DE C.V. Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Organisation of all manner of games, bets and draws	Full consol.	67.30%	GRUPO CALIENTE S.A.P.I. DE C.V. and JOMAHARHO S.A.P.I. DE C.V.	67.30%	GRUPO CALIENTE S.A.P.I. DE C.V. and JOMAHARHO S.A.P.I. DE C.V.

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
OPERADORA CANTABRICA S.A. DE C.V. Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Organisation of all manner of games, bets and draws	Full consol.	67.28%	GRUPO CALIENTE S.A.P.I. DE C.V., JOMAHARHO S.A.P.I. DE C.V., OPERADORA DE ESPECTÁCULOS DEPORTIVOS S.A. DE C.V. and LIBROS FORANEOS S.A. DE C.V.	67.28%	GRUPO CALIENTE S.A.P.I. DE C.V., JOMAHARHO S.A.P.I. DE C.V., OPERADORA DE ESPECTÁCULOS DEPORTIVOS S.A. DE C.V. and LIBROS FORANEOS S.A. DE C.V.
OPERADORA DE ESPECTÁCULOS DEPORTIVOS S.A. DE C.V. Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Organisation of all manner of games, bets and draws	Full consol.	67.30%	GRUPO CALIENTE S.A.P.I. DE C.V. and JOMAHARHO S.A.P.I. DE C.V.	67.30%	GRUPO CALIENTE S.A.P.I. DE C.V. and JOMAHARHO S.A.P.I. DE C.V.
PROMOCIONES RECREATIVAS MEXICANAS, S.A. DE C.V. Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Advisory services, operation, administration and other activities related to number games transmitted digitally to specific locations	Full consol.	100%	CODERE MÉXICO, S.A. DE C.V. and NIDIDEM S.L.U.	100%	CODERE MÉXICO, S.A. DE C.V. and NIDIDEM S.L.U.
PROMOJUEGOS DE MÉXICO, S.A. DE C.V. Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Gaming	Full consol.	67.30%	GRUPO INVERJUEGO, S.A.P.I. DE C.V. and MIO GAMES, S.A. DE C.V.	67.30%	GRUPO INVERJUEGO, S.A.P.I. DE C.V. and MIO GAMES, S.A. DE C.V.
RECREATIVOS CODERE, S.A. DE C.V. Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Gaming	Full consol.	100%	CODERE MÉXICO, S.A. DE C.V. and NIDIDEM S.L.U.	100%	CODERE MÉXICO, S.A. DE C.V. and NIDIDEM S.L.U.
RECREATIVOS MARINA, S.A. DE C.V. Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Gaming	Full consol.	100%	CODERE MÉXICO, S.A. DE C.V. and PROMOCIONES RECREATIVAS MEXICANAS, S.A. DE C.V.	100%	CODERE MÉXICO, S.A. DE C.V. and PROMOCIONES RECREATIVAS MEXICANAS, S.A. DE C.V.

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
SERVICIOS COMPARTIDOS EN FACTOR HUMANO HIPÓDROMO, Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Provision of staff administration, hiring, advisory and assistance services, including payroll services	Full consol.	84.80%	SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. DE C.V. and ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A DE C.V.	84.80%	SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. DE C.V. and ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A DE C.V.
SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. DE C.V. Av. Industria Militar s/n Puerta 2 – Col. Industria Militar Del. Miguel Hidalgo Ciudad de México, Distrito Federal	Provision of staff administration, hiring, advisory and assistance services, including payroll services	Full consol.	84.80%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and ENTRETENIMIENTO RECREATIVO S.A. DE C.V.	84.80%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and ENTRETENIMIENTO RECREATIVO S.A. DE C.V.
PANAMA:						
ALTA CORDILLERA, S.A. Calle 50 y Calle Elvira Méndez, Torre Financial Center Piso 40 – 41. Corregimiento de Bella Vista, Republic of Panama	Full casino operation	Full consol.	75%	CODERE CHILE, LTDA. CODERE AMÉRICA, S.A.U.	75%	CODERE CHILE, LTDA. CODERE AMÉRICA, S.A.U.
HÍPICA DE PANAMÁ, S.A. Vía José Agustín Arango, Corregimiento de Juan Díaz, Apdo 1, Zona 9ª Panama	Racetracks and slot machines	Full consol.	75%	ALTA CORDILLERA, S.A.	75%	ALTA CORDILLERA, S.A.
COMPAÑÍA DE RECREATIVOS DE PANAMÁ, S.A. Calle 50 y Calle Elvira Méndez, Torre Financial Center Piso 40 – 41. Corregimiento de Bella Vista, Republic of Panama	Financial services	Full consol.	100%	CODERE CHILE, LTDA.	100%	CODERE CHILE, LTDA.

Name	Business	Consolidation method	2015		2014	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
URUGUAY:						
CODERE URUGUAY, S.A. C/ Juncal 1327 Apto. 2201 Montevideo (Uruguay)	Installation, administration and operation of bingo halls and complementary services	Full consol.	100%	COLONDER, S.A.U. Y CODERE LATAM, S.L.U.	100%	COLONDER, S.A.U. and CODERE AMÉRICA, S.A.U.
HÍPICA RIOPLATENSE URUGUAY, S.A. José María Guerra 3540 Montevideo (Uruguay)	Racetracks and slot machines	P	50%	CODERE URUGUAY, S.A.	50%	CODERE URUGUAY, S.A.
CARRASCO NOBILE, S.A. Rambla República de México 6451 Montevideo (Uruguay)	Operation, administration and management of hotels, casinos, gaming rooms, slot machines and related activities	Full consol.	73.73%	CODERE MÉXICO, S.A. DE C.V.	51%	CODERE MÉXICO, S.A. DE C.V.

Legend:

Full consol: Full consolidation method

Prop. consol: Proportionate consolidation method

% shareholding: direct and indirect method

APPENDIX II
Reserves and retained earnings by company
at 31 December 2015

The breakdown of the reserve and retained earnings accounts by company at 31 December 2015 (in thousand euro) is as follows:

Company	Share capital	Share premium	Reserves	Profit/(loss)	Interim dividend	Equity
CODERE APUESTAS ASTURIAS, S.A.	(1,000)	-	-	(3)	-	(1,003)
CODERE APUESTAS CANTABRIA, S.A.	(60)	-	-	9	-	(51)
CODERE APUESTAS CATALUÑA, S.A.	(600)	-	172	270	-	(157)
CODERE APUESTAS CEUTA, S.L.U.	(250)	-	30	(59)	-	(280)
CODERE APUESTAS CASTILLA LEON, S.A.	(1,000)	-	(2)	273	-	(729)
CODERE APUESTAS CASTILLA LA MANCHA, S.A.	(500)	-	(186)	(247)	-	(933)
ALTA CORDILLERA, S.A.	(27,464)	-	(11,635)	5,141	-	(33,959)
RED AEAM S.A.	(60)	-	(4)	(2)	-	(65)
ASOCIACION EN PARTICIPACION	(13,476)	-	(10,051)	(2,629)	-	(26,157)
CODERE APUESTAS GALICIA S.L.	(2,000)	-	(184)	125	-	(2,059)
CODERE APUESTAS MELILLA, S.A.	(60)	-	-	-	-	(60)
ADMINIST.MEXICANA HIPODROMO II S.A. C.V.	(1,456)	-	(524)	(589)	-	(2,569)
ADMINIST.MEXICANA HIPODROMO III S.A. C.V.	(1,505)	-	766	105	-	(635)
ADMINIST.MEXICANA HIPODROMO IV S.A. C.V.	(2,787)	-	1,581	93	-	(1,113)
ADMINIST.MEXICANA HIPODROMO S.A. C.V.	(109,256)	(5,680)	(66,854)	(13,676)	-	(195,466)
CODERE APUESTAS MURCIA S.L.	(1,000)	-	535	419	-	(46)
CODERE APUESTAS EXTREMADURA, S.A.	(1,000)	-	1	112	-	(887)
CODERE APUESTAS LA RIOJA, S.A.	(1,000)	-	18	71	-	(910)
CODERE ARGENTINA S.A.	(132)	(726)	1,242	(18,191)	-	(17,807)
BINGOS CODERE S.A.	(2,135)	-	1,619	(1,929)	-	(2,444)
BINGOS DEL OESTE S.A.	(40)	-	(899)	1,404	-	465
BINGOS PLATENSES S.A.	-	-	(1,121)	(9,303)	-	(10,424)
BINTEGRAL S.P.A.	(300)	-	(13,300)	(1,070)	-	(14,670)
PALACE BINGO , SRL	(60)	(280)	(22)	(1,579)	-	(1,941)
CODERE APUESTAS ARAGÓN, S.L.	(1,000)	-	365	218	-	(417)
CODERE APUESTAS ESPAÑA, S.L.	(662)	(32,286)	67,116	(211)	-	33,957
CODERE ALICANTE S.L.	(875)	-	413	(291)	-	(754)
CODERE CASTILLA LEON, S.L.U.	(3)	-	-	2	-	(1)

Company	Share capital	Share premium	Reserves	Profit/(loss)	Interim dividend	Equity
CODERE AMÉRICA S.A.	(83,350)	-	(80,771)	95	-	(164,026)
CODERE APUESTAS NAVARRA, S.A.	(2,000)	-	832	359	-	(809)
CARRASCO NOBILE, S.A.B DE C.V	(17,700)	-	8,434	17,230	-	7,964
OPERADORA CANTABRIA, S.A. C.V.	(25,338)	-	116,864	26,438	-	117,965
CARTAYA S.A.	(120)	-	(130)	(7)	-	(257)
CODERE APUESTAS, S.A.	(60)	-	3,866	3,315	-	7,121
CODERE ASESORÍA S.A.	(60)	-	(3,630)	4	-	(3,686)
CODERE APUESTAS VALENCIA, S.A.	(2,000)	-	744	906	-	(350)
CODERE BRASIL LTDA.	(4,987)	-	37,295	20,330	-	52,637
CODERE COLOMBIA S.A.	(10,167)	(15,962)	4,551	489	-	(21,089)
CENT.CONVENC.AMERICAS, S.A. DE C.V.	(3)	-	3	-	-	-
CODERE DISTRIBUCIONES S.L.	(3)	-	37	26	-	60
CODERE ONLINE,S.A.	(100)	-	3,174	593	-	3,667
CODERE SERVICIOS, S.L.U	(3)	-	14	473	-	484
CALLE ICELA, S.A. DE C.V.	(3)	-	4	169	-	171
CALLE DEL ENTRETENIMIENTO, S.A. DE C.V.	(4)	-	843	(47)	-	792
CODERE ESPAÑA S.L.	(2,613)	(5,185)	170,263	(365)	-	162,100
CODERE FILIAL 8 S.L.	(60)	-	(23)	(67)	-	(151)
CODERE FINANCE (LUXEMBURG), S.A.	(35)	(12,140)	174	18,899	-	6,897
CODERE FINANCE II, S.A.	(37)	-	-	40	-	3
CODERE FINANCE (U.K.), S.A.	(2,177)	-	-	1,285	-	(891)
CODERE GAMING ITALIA SRL.	(10)	-	187	147	-	324
CODERE GIRONA S.A.	(126)	-	(9,573)	(856)	-	(10,555)
CODERE GUADALAJARA S.A.	(3)	-	57	(163)	-	(110)
CODERE CHILE LTDA.	(20,153)	-	(9,713)	13	-	(29,853)
CODERE HUESCA S.L.	(5)	-	(520)	(199)	-	(724)
CODERE INTERNACIONAL DOS, S.A.U	(436)	-	215,615	(23,720)	-	191,460
CODERE INTERNACIONAL S.L.	(85,727)	(25,270)	(67,619)	14,235	-	(164,381)
CODERE ITALIA SPA.	(15,000)	-	(28,000)	8,163	-	(34,837)
CODERE INTERACTIVE, INC.	(10)	-	1,251	182	-	1,423
CODERE INTERACTIVA, S.L.	(30)	-	851	(55)	-	766
CODERE LATAM	-	-	-	-	-	-

Company	Share capital	Share premium	Reserves	Profit/(loss)	Interim dividend	Equity
CODERE LOGROÑO	(6)	-	(56)	(89)	-	(150)
CODEMÁTICA SRL.	(10)	-	(90)	148	-	48
CODERE MÉXICO S.A.	(197,394)	(33)	(161,819)	46,092	-	(313,153)
CODERE S.A.	(11,007)	(231,280)	375,181	39,359	-	172,253
COLONDER S.A.	(9,761)	-	(315,062)	(29,251)	-	(354,074)
COMERCIAL YONTXA S.A.	(481)	-	(4,580)	(925)	-	(5,985)
CODERE SAGUNTO S.L.	(868)	-	10	(172)	-	(1,030)
CODERE SERVICIOS COMPARTIDOS, S.A.	(60)	-	1	-	-	(59)
CRISTALTEC SERVICE SRL	(10)	-	(1,705)	52	-	(1,663)
CODERE URUGUAY S.A.	(12,085)	-	2,722	(2,643)	-	(12,006)
DESARROLLO ONLINE JUEGOS REGULADOS, S.A.	(1,753)	-	1,793	539	-	579
DP SERVICE S.R.L.	(90)	(315)	(3,601)	702	-	(3,304)
ENTRETENIMIENTO RECREATIVO S.A.	(50,562)	-	(18,128)	(1,199)	-	(69,889)
ENTRETENIMIENTO VIRTUAL, S.A. DE C.V.	(24,036)	-	(51,757)	994	-	(74,799)
FG SLOT SERVICES S.R.L.	(116)	-	(365)	15	-	(465)
GAP GAMES, S.R.L.	(21)	-	(1,010)	(740)	-	(1,771)
GAMING RE, S.R.L	(10)	-	2,609	413	-	3,013
GARAIPEN VICTORIA APUSTAK, S.L.	(12,229)	-	17,350	2,101	-	7,222
GRUPO CALIENTE. S.A. C.V.	(8)	(16,913)	(1,463)	7	-	(18,377)
GRUPO INVERJUEGO, S.A.	(2,227)	(125)	1,925	5	-	(422)
GIOMAX S.R.L.	(69)	-	(27,280)	433	-	(26,916)
GESTION MARCONI S.R.L.	(11)	-	(3,838)	(654)	-	(4,503)
GAME OVER, S.R.L.	(10)	-	(437)	(70)	-	(517)
GARET, S.R.L.	(110)	-	(770)	(188)	-	(1,068)
HOTEL ICELA, S.A. DE C.V.	(3)	-	4	35	-	37
HOTEL ENTRET.AMH S.A. C.V.	(3)	-	4	-	-	1
HIPPOBINGO FIRENZE, SRL.	(10)	-	-	661	-	651
HÍPICA DE PANAMA, S.A.	-	-	5,323	(1,250)	-	4,072
HÍPICA RIOPLATENSE URUGUAY S.A.	(11,670)	-	(6,419)	(5,746)	-	(23,834)
IBERARGEN S.A.	(3,493)	-	(8,804)	(37,411)	-	(49,707)
IMPULSORA CENTR.ENTR.AMERICAS, S.A.C.V.	(170,933)	(3,408)	(43,386)	(12,538)	-	(230,265)
INTERSARE S.A.	(635)	-	(142)	(99)	-	(875)

Company	Share capital	Share premium	Reserves	Profit/(loss)	Interim dividend	Equity
IMPULSORA RECREATIVA AMH,S.A. C.V.	(5)	(1,505)	35	12	-	(1,464)
ITAPOAN S.A.	(342)	-	(636)	(171)	-	(1,149)
JUEGAMAX DE LAS AMERICAS, S.A.DE C.V.	(5)	(1,456)	12	7	-	(1,441)
JOMAHARHO. S.A. C.V.	(5)	(8,101)	(88)	9	-	(8,185)
J.M.QUERO S.A.	(97)	-	472	167	-	542
JPVMATIC 2005 S.L.	(3)	-	(5,058)	(740)	-	(5,801)
KING BINGO S.R.L.	(10)	-	(25)	1,149	-	1,114
KING SLOT S.R.L.	(100)	-	(285)	(1,617)	-	(2,002)
LIBROS FORANEOS, S.A. C.V.	(11,613)	-	108,140	27,005	-	123,531
MIO GAMES S.A. DE C.V.	(844)	(313)	7,608	1,344	-	7,795
MISURI S.A.	(2,542)	-	(4,643)	679	-	(6,506)
NEW JOKER, S.R.L.	(110)	-	(51)	104	-	(57)
CODERE NAVARRA S.A.	(90)	-	-	2	-	(88)
NIDIDEM S.L.	(380)	-	4,075	(1,272)	-	2,423
OPERBINGO ITALIA S.P.A.	(10,180)	-	42,235	(2,914)	-	29,141
OPERAD.ESPECTACULOS DEPORTIV. S.A. C.V.	(2,419)	-	35,285	7,279	-	40,144
OPEROESTE S.A.	(204)	-	(377)	(236)	-	(818)
OPERIBÉRICA S.A.	(2,104)	-	(127,874)	(8,198)	-	(138,176)
OPER SHERKA S.L.	(1,049)	-	(1,232)	(122)	-	(2,403)
PARISIENNE, SRL	(10)	-	(6)	(939)	-	(955)
PGO SERVICE SRL	(92)	(621)	(1,472)	584	-	(1,601)
PROMOJUEGOS DE MEXICO, S.A.	(307)	-	28,971	6,063	-	34,727
EL PORTALÓN S.L.	(3)	-	(194)	(65)	-	(262)
PROM. REC. MEXICANAS S.A.	(1,790)	-	10,193	(161)	-	8,242
RECREATIVOS ACR, S.L.	(24)	-	(114)	(81)	-	(219)
RECREATIV.CODERE S.A. DE C.V.	(3)	-	21	9	-	28
COMPAÑIA RECREATIVOS DE PANAMA, S.A.	(3,988)	-	-	-	-	(3,988)
RESTI Y Cía. S.L.	(3)	-	(56)	(96)	-	(155)
RETE FRANCO ITALIA S.P.A.	(2,000)	-	(18,159)	(6,891)	-	(27,050)
RECREATIVOS MARINA, S.A.	(3)	-	1,053	1,082	-	2,132
RECREATIVOS OBELISCO S.L.	(37)	(703)	505	(115)	-	(349)
ROYAL JACKPOT SRL	(20)	-	(53)	2	-	(71)

Company	Share capital	Share premium	Reserves	Profit/(loss)	Interim dividend	Equity
SERVICIOS ADMINIST.HIPODROMO, S.A. DE C.V.	(3)	-	477	173	-	647
SECOFACH, S.A. DE C.V.	(3)	-	1,979	18	-	1,994
SEVEN CORA, SRL.	(20)	-	(1,846)	313	-	(1,553)
SIMULCASTING BRASIL SOM E IMAGEM, LTDA	-	-	-	-	-	-
SIGIREC S.L.	(96)	-	(462)	(32)	-	(590)
SAN JAIME S.A.	(87)	-	26	(19)	-	(80)
SORTIJUEGOS, S.A. DE C.V.	(29)	-	(6,445)	1,059	-	(5,416)
INTERBAS S.A.	(611)	(3,347)	(2,344)	(12,490)	-	(18,791)
INTERJUEGOS S.A. (ARG)	(2)	(1,387)	(1,612)	(5,381)	-	(8,382)
INTERMAR BINGOS S.A.	(7)	-	2	(4,988)	-	(4,993)
UTE-BOES S.A.	(2,255)	-	205	403	-	(1,647)
VASA E AZZENA SERVICE S.R.L.	(10)	-	(1,740)	114	-	(1,636)
VEGAS S.R.L.	(10)	-	(3,600)	23	-	(3,587)

APPENDIX III
DIRECTOR DECLARATIONS REGARDING CONFLICTS OF INTEREST

Shareholdings and posts held by members of the Board of Directors in companies whose corporate purpose is analogous to that of the Parent Company

Director/Related party	Entity ^(*)	Post/Duty	Direct shares	Direct shareholding %	Indirect shareholding %
Jose Antonio Martínez Sampedro	Francomar Investments S.A.	Chairman CEO (acting joint and severally)	26,000	52%	
Jose Antonio Martínez Sampedro	Promobowling S.A.		79	0.124%	51.35%
Jose Antonio Martínez Sampedro	Centros de Ocio Familiar S.L.				25.74%
Jose Antonio Martínez Sampedro	Magic Recreativos S.L.U.				51.47%
Jose Antonio Martínez Sampedro	Material Auxiliar de Juego Internacional Majisa S.A.	Director (acting joint and severally)			26%
Jose Antonio Martínez Sampedro	Planet Bowling S.L. (en liquidación)				51.47%
Jose Antonio Martínez Sampedro	Promobowling Levante S.A.U.				51.47%
Jose Antonio Martínez Sampedro	Tui Play S.L. (en liquidación)				20.22%
Jose Antonio Martínez Sampedro	Material Auxiliar de Juego Internacional de Colombia S.A.				26.52%
Luis Javier Martínez Sampedro	Francomar Investments S.A.	Board member and CEO (acting joint and severally)	6,000	22%	
Luis Javier Martínez Sampedro	Promobowling S.A.		79	0.124%	21.72%
Luis Javier Martínez Sampedro	Centros de Ocio Familiar S.L.				10.86%
Luis Javier Martínez Sampedro	Magic Recreativos S.L.U.				21.72%
Luis Javier Martínez Sampedro	Material Auxiliar de Juego Internacional Majisa S.A.				6%
Luis Javier Martínez Sampedro	Planet Bowling S.L. (en liquidación)				21.72%
Luis Javier Martínez Sampedro	Promobowling Levante S.A.U.				21.72%
Luis Javier Martínez Sampedro	Tui Play S.L. (en liquidación)				4.67%
Luis Javier Martínez Sampedro	Material Auxiliar de Juego Internacional de Colombia S.A.				6.12%
Luis Javier Martínez Sampedro	Recreativos Metropolitano S.L.	Sole director	46,590	100%	

Director/Related party	Entity (*)	Post/Duty	Direct shares	Direct shareholding %	Indirect shareholding %
Ms. Maria Carmen Martínez Sampedro	Francomar Investments S.A.	Board member and CEO (acting joint and severally)	6,000	12%	
Ms. Maria Carmen Martínez Sampedro	Promobowling S.A.	Sole director	475	0.748%	11.85%
Ms. Maria Carmen Martínez Sampedro	Centros de Ocio Familiar S.L.				6.29%
Ms. Maria Carmen Martínez Sampedro	Magic Recreativos S.L.U.	Sole director			12.60%
Ms. Maria Carmen Martínez Sampedro	Material Auxiliar de Juego Internacional Majisa S.A.				6%
Ms. Maria Carmen Martínez Sampedro	Planet Bowling S.L. (en liquidación)				12.60%
Ms. Maria Carmen Martínez Sampedro	Promobowling Levante S.A.U.	Sole director			12.60%
Ms. Maria Carmen Martínez Sampedro	Tui Play S.L. (en liquidación)				4.67%
Ms. Maria Carmen Martínez Sampedro	Material Auxiliar de Juego Internacional de Colombia S.A.				6.12%
Ángel Martínez Sampedro	Francomar Investments S.A.		1,000	2%	
Ángel Martínez Sampedro	Promobowling S.A.		80	0.126	1.98%
Ángel Martínez Sampedro	Centros de Ocio Familiar S.L.				1.05%
Ángel Martínez Sampedro	Magic Recreativos S.L.U.				2.10%
Ángel Martínez Sampedro	Material Auxiliar de Juego Internacional Majisa S.A.				1%
Ángel Martínez Sampedro	Planet Bowling S.L. (en liquidación)				2.10%
Ángel Martínez Sampedro	Promobowling Levante S.A.U.				2.10%
Ángel Martínez Sampedro	Tui Play S.L. (en liquidación)				0.78%
Ángel Martínez Sampedro	Material Auxiliar de Juego Internacional de Colombia S.A.				1.02%
Encarnación Martínez Sampedro	Francomar Investments S.A.	Secretary and CEO (acting joint and severally)	6,000	12%	
Encarnación Martínez Sampedro	Promobowling S.A.		79	0.124%	11.85%

Director/Related party	Entity (*)	Post/Duty	Direct shares	Direct shareholding %	Indirect shareholding %
Encarnación Martínez Sampedro	Centros de Ocio Familiar S.L.				5.98%
Encarnación Martínez Sampedro	Magic Recreativos S.L.U.				11.97%
Encarnación Martínez Sampedro	Material Auxiliar de Juego Internacional Majisa S.A.				6%
Encarnación Martínez Sampedro	Promobowling Levante S.A.U.				11.97%
Encarnación Martínez Sampedro	Planet Bowling S.L. (en liquidación)				11.97%
Encarnación Martínez Sampedro	Tui Play S.L. (en liquidación)				4.67%
Encarnación Martínez Sampedro	Material Auxiliar de Juego Internacional de Colombia S.A.				6.12%
Joseph Zappala	Tucson Greyhound Park	Chairman		80%	

(*) The above information refers solely to non-Codere Group companies.

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CODERE, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2015

The Codere Group's business performance

During 2015, EBITDA has reflected an increase in Argentina mainly due to the appreciation of the Argentinian peso against the euro and the increased number of machines, in Mexico due to the higher number of machines and savings measures applied on expenditure, and in Italy to lower expenses due to the costs associated with the resolution of the litigation at the Court of Auditors recorded in 2014. This increase is offset by the cost of financial advice for debt restructuring in the parent company.

Investments in 2015 totalled 65.9 million euros compared with 54.2 million euros in 2014, of which 47 million euros related to maintenance and 65.9 million euros to investment in growth.

Highlights of the year include the following:

- *Restructuring of the Company's debt*

Note 3 f) describes in detail the terms of the agreements signed in connection with the company's debt restructuring process.

- *Italian Stability Law*

The Stability Law enacted in Italy on 29 December 2014 included the implementation of a new tax for 2015 on gaming companies in Italy amounting to 500 million euros per annum. The annual payment, as from 2015, was to be distributed among the 13 network concession holders based on the number of interconnected machines of each operator. Codere Network, S.p.A will be required to pay 22 million euros according to a report published by the AAMS dated 15 January 2015. This amount will be distributed among all participants in the value chain of Codere Network, S.p.A.

Of the 22.4 million euros corresponding to Codere Network, S.p.A., 12.9 million euros has been paid to the AAMS at the date of these financial statements, and approximately 9.5 million euros has yet to be collected and paid in. The Group considers, based on the opinion of its legal advisers, that the outstanding amount is not the responsibility of Codere Network, S.p.A and the obligation to assume payment rests with the other participants in the value chain of Codere Network, S.p.A. which are not Codere Group companies.

The Italian companies in the Codere Group also paid a total of 1.4 million euros with respect to taxes under the Stability Law for machines connected to other concessionaires.

- *Impairment testing of assets*

An asset impairment provision of 7.9 million euros has been recognised in the Italy unit and an asset impairment in the Colombia unit amounting to 4.8 million euros has been reversed.

Group's financial results

Operating income

Operating income increased 253.9 million euros (18.3%) during the year to 1,639.5 million euros mainly due to (i) increase in Argentina (192.7 million euros) resulting in part from the appreciation of the Argentinian peso against the euro the higher average per machine in local currency and the higher number of machine posts, (ii) the increase in Italy (20.4 million euros), due largely to a higher average per machine and a greater number of machine posts, and (iii) Panamá (14.8 million euros) mainly because of the appreciation of the dollar against the euro.

CODERE, S.A. AND SUBSIDIARIES

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Operating expenses

Operating expenses increased by 148.7 million euros (10.9%), to 1,510.2 million euros. This increase has been very significant in Argentina (142.3 million euros) and Panama (18.9 million euros), largely due to the appreciation of the Argentinian peso and the dollar against the euro, the impact of which has overcome the process re-engineering efforts deployed in these businesses, though this has been partially offset by the decrease in Mexico (20.1 million euros).

Gain/(loss) on disposals of assets

Fixed asset disposals generated a loss of 4.9 million euros compared with a loss of 3.3 million euros recorded in 2014. This loss mainly derives from disposals of machinery in Mexico.

Operating profit

In 2015, operating profit increased by 103.7 million euros to 124.4 million euros. The operating margin grew to 7.6%, against a loss of 1.5% in the comparable period in 2014.

EBITDA

EBITDA rose by 104.9 million euros (70%) to 254.6 million euros mainly due to increases in Argentina (52.7 million euros), Italy (22.2 million euros) and Mexico (16.4 million euros). The EBITDA margin decreased to 8.7% compared to 13.4% for the comparable period last year.

Financial expenses

Financial expenses increased by 8.2 million euros (5.5%) to 156.4 million euros. This increase is primarily attributable to higher costs associated with the Senior Credit Facility, including default interest, and interest on overdue bonds and unpaid coupons, the appreciation of the dollar against the euro because of its impact on USD Notes and other financing or refinancing in Uruguay (Carrasco).

Corporate income tax

Corporate income tax increased by 22.3 million euros to 63.2 million euros, due mainly to the increase in pre-tax profits in Argentina and the tax impact of the deductibility of the payment in the *Corte dei Conti* proceedings (10.4 million euros) in 2014.

Profit/(loss) attributable to non-controlling interests

The profit attributable to non-controlling interests decreased in 2015 by 8.6 million euros to 26.3 million euros compared with 34.9 million euros in 2014. This decrease is mainly due to a lower level of after-tax losses in the Joint Licensees together with the change in percentage interest in Casino Carrasco from 51% in 2014 to 73.7% in 2015.

Profit/(loss) attributable to the Parent Company

Mainly due to the effects described in the preceding paragraphs, results attributable to the parent company in 2015 consisted of a loss of 113.1 million euros compared with a loss of 173 million euros in 2014.

CODERE, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2015

Disclosure on deferral of payments to suppliers.

The average payment period to Spanish company suppliers is 30 days.

A more detailed description of deferrals in payments to suppliers can be found in Note 19 above.

Personnel

At 31 December 2015 the Group employed a total of 13,331 persons, this being 1,850 employees less than at 31 December 2014.

Environmental information

At 31 December 2015 there are no policies aimed at protecting the environment.

Research and development expenditure

At 31 December 2015, the Group has not incurred any R&D costs.

Treasury shares

As mentioned in Note 17, on 27 June 2013 the shareholders, at general meeting, authorised Codere S.A. to acquire at any time and on as many occasions as it deems necessary, directly or through any of its subsidiaries, fully paid up own shares, for cash or for any valuable consideration. The minimum price or consideration will be the nominal value of the treasury shares acquired and the maximum the market value plus 20% at the acquisition date. The Board of Directors is empowered to execute this power.

Outlook for the Group

For 2016, the Group intends to continue implementing financial measures designed to boost free cash flow generation. Investments forecast for 2016 will mainly centre on maintenance at gaming halls and specific product renovation.

Group's main risks

The Group's main risks are detailed as follows, this list being indicative but not exhaustive. They include those related to the gaming sector in which it operates (regulatory risk, this being a highly regulated sector, risks associated with public perceptions of the gaming sector and the risk of increased competition) and risks specific to Codere. These latter include political, economic and monetary risks associated with international operations, litigation risks, risks derived from the company's indebtedness, the risks associated with relying on third parties where the Group does not hold the gaming licences which it operates, risks derived from its growth strategy, concentration risk in the supply of gaming machines in Spain, the risk of being unable to offer secure gaming products and to ensure the integrity and security of business lines, and the risks associated with operating alliances with third parties.

CODERE, S.A. AND SUBSIDIARIES

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See the corresponding notes to the Annual Consolidated Financial Statements for a more detailed description of the Company's principal risks.

ANNUAL CORPORATE GOVERNANCE REPORT

ANNEX I

CORPORATE GOVERNANCE ANNUAL REPORT FOR PUBLIC LISTED COMPANIES

ISSUER ID

YEAR ENDING AT:

31/12/2015

TAX

A-82110453

CORPORATE NAME:

CODERE, S.A.

ADDRESS

AVENIDA DE BRUSELAS, 26, (ALCOBENDAS) MADRID

CORPORATE GOVERNANCE ANNUAL REPORT

FOR PUBLIC LISTED COMPANIES

A SHAREHOLDER STRUCTURE

A.1 Complete the following table regarding company share capital:

Date of most recent change	Share Capital (€)	Number of shares	Number of voting rights
19/10/2007	11,007,294.00	55,036,470	55,036,470

Indicate whether or not there are different types of shares with different associated rights:

Yes ☐

No ☒

A.2 List the direct and indirect holders of significant shareholdings in your company at year-end, excluding directors:

Name of shareholder	Number of direct voting rights	Number of indirect votes	% of total voting rights
MASAMPE HOLDING, B.V	28,259,088	0	51.35%

Indicate the most significant movements in shareholder structure that have taken place during the year:

A.3 Complete the following tables regarding members of the Board of Directors of the company holding share voting rights in the company:

Name of Director	Number of direct voting rights	Number of indirect votes	% of total voting rights
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	6,838,261	28,259,088	63.77%
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	1,202,000	0	2.18%
MR. EUGENIO VELA SASTRE	0	20,718	0.04%
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	0	1,396,035	2.54%
MR. JOSEPH ZAPPALA	278,738	0	0.51%
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	6,838,261	28,259,088	63.77%

Name of indirect shareholders	Through: Name or corporate name of the direct shareholder	Number of voting rights
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MASAMPE HOLDING, B.V.	28,259,088
MR. EUGENIO VELA SASTRE	MS. CARMEN FERRER PALASÍ	20,718
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	M LUXEMBOURG SIF-GLOBAL ASSETS BRISA	1,296,035
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	RECREATIVOS METROPOLITANO S.L.	100,000

Total % of voting rights held by the Board of Directors	69.04%
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Complete the following tables regarding members of the Board of Directors holding company share rights:

A.4 Indicate, if applicable, any family, commercial, contractual or corporate relations existing between the significant shareholders, to the extent to which the company is aware of them, unless said relations are insignificant or are the result of ordinary business activity:

Name of related parties
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Type of relation: Family

Brief description:

Ms. Encarnación Martínez Sampedro and José Antonio Martínez Sampedro are siblings.

Name of related parties
MASAMPE HOLDING, B.V.
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Type of relation: Corporate

Brief description:

Mr. José Antonio Martínez Sampedro is the CEO of Masampe Holding, B.V. Additionally, Mr. José Antonio Martínez holds control of Masampe Holding B.V. through the proxy granted in respect of the voting rights of Mabloem Ontwikkeling B.V. (see section H).

A.5 Indicate, if applicable, any commercial, contractual or corporate relations existing between the significant shareholders and the company and/or its group, unless said relations are insignificant or are the result of ordinary business activity:

Name of related parties
MASAMPE HOLDING, B.V.
CODERE, S.A.

Type of relation: Corporate

Brief description:

Masampe Holding BV is the majority shareholder (51.346%) of Codere S.A.

A.6 Indicate whether or not the company has been informed of any quasi-corporate agreement affecting it, pursuant to articles 530 and 531 of the Spanish Capital Companies Act. If so, briefly describe such pacts and list the shareholders related through the agreement:

☐ Yes

No ☒

Indicate whether or not the company is aware of the existence of concerted action among its shareholders. If so, briefly describe such action:

☐ Yes

No ☒

In the case whereby any change or break in said agreements or concerted action has taken place during the year, expressly indicate said circumstance:

Not applicable.

A.7 Indicate whether any natural or legal person exercises or is able to exercise control over the company pursuant to article 4 of the Spanish Securities Act. If so, identify said person:

Yes ☒

No ☐

Name or company name
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Comments
Mr. José Antonio Martínez Sampedro controls MASAMPE HOLDING, BV through the proxy granted on the voting rights of Mabloem Ontwikkeling BV (see section H) and through his own direct interest in the share capital of Codere, S.A.

A.8 Complete the following tables regarding company treasury stock:

At year-end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
260,733	0	0.47%

(*) Held through:

Describe any significant changes, according to the provisions of Royal Decree 1362/2007, during the year:

Explain the significant changes

A.9 Detail the conditions and term of authorization in force for the Board of Directors' Meeting to acquire and transfer treasury stock.

The General Meeting of Shareholders held on 27 June 2013 approved point four of the agenda, as follows:

1. Rendering the part thereof which has not been used null and void, the authorization for the acquisition of treasury stock granted under point nine of the agenda of the General Meeting of Shareholders held on 10 May 2012, to authorize, in accordance with applicable law, the derivative acquisition, at any time and as often as Codere, S.A. deems advisable, either directly or through any of the subsidiaries of which it is the parent, of treasury stock, fully paid up, by means of purchase, sale or by any other legal title for valuable consideration.

The minimum purchase price or consideration will be the face value of the own shares acquired, and the maximum will be the result of increasing by 20% the market value of the shares on their purchase date.

This authorization will be granted for a term of five years, counted as of the date of this Meeting, and is expressly subject to a limitation consisting of the face value of the own shares acquired pursuant to this authorization, to be added to the value of those already held by Codere, S.A. and any of its subsidiaries, and in no event being able to exceed the maximum allowed by law at the purchase date.

It is expressly noted that this authorization may be used wholly or partially for the purchase of own shares to be delivered or transmitted to employees or directors of the company, or upon exercise of stock options held thereby.

2. Empower the Board of Directors, in the widest terms possible, in order to exercise the authorization conferred by this resolution and to carry out the remaining provisions foreseen therein; said powers may be delegated by the Board of Directors to any Director, to the Secretary or Vice Secretary of the Board of Directors, or to any other person whom the Board of Directors expressly empowers for this purpose.

A.9.bis Estimated free float

	%
Estimated free float	30.96

A.10 Indicate, if applicable, any legal or statutory restrictions in regard to the exercise of voting rights. In particular, report the existence of any restrictions that may impede the acquisition of control of the company through the purchase of shares in the market.

Yes ☐

No ☒

A.11 Indicate whether the General Meeting of Shareholders has agreed to adopt neutralization measures with respect to a takeover bid pursuant to Act 6/2007.

Yes ☐

No ☒

If 'yes', explain the measures approved and the terms in which the restrictions will become ineffective:

A.12 Indicate whether the company has issued securities that are not traded on an EU regulated market.

Yes ☐

No ☒

Where applicable, indicate the different classes of shares and, for each class of shares, the rights and obligations conferred.

B

GENERAL MEETING

B.1 Indicate, and, if applicable, explain any differences regarding the minimum quorum levels for the holding of shareholder meetings established in the Spanish Capital Companies Act (LSC)

☐ Yes

No ☒

B.2 Indicate, and, if applicable, explain any differences regarding the adoption of corporate resolutions with respect to the system provided for in the Spanish Capital Companies Act (LSC):

Yes ☒

☐ No

Describe how this differs from the system provided for in the LSC.

	Different qualified majority from that established under Article 201.2 LSC in those cases specified in Article 194.1 of the LSC	Other cases of qualified majority
% established by the company for adoption of resolutions	75.00%	0.00%

Describe the differences

In those cases specified in Article 194 of the Spanish Capital Companies Act require the favourable vote of 75% of the capital present or represented at the General Meeting, when at the second call, the meeting is attended by shareholders representing 25% or more but less than 50% of the subscribed voting capital (reinforcing the requirement of the favourable vote of two-thirds of the capital present or represented when, at the second call, the meeting is attended by shareholders representing 25% or more but less than 50% of the subscribed voting capital required by the article 201.2 of the Capital Companies Act)

B.3 State the rules applicable to the amendment of the corporate bylaws. In particular, indicate the majorities needed for the amendment of the corporate bylaws and, where appropriate, the rules laid down for the protection of the rights of the shareholders in the modification of the said bylaws.

Art. 19 of the Corporate Bylaws provides as follows: "However, in order for the Regular or Extraordinary General Meeting of Shareholders to validly resolve in regard to a capital increase or reduction, and, in general, in regard to any amendment of the Corporate Bylaws, bond issue, the elimination or limitation of pre-emption rights for new shares, as well as the transformation, merger, spin-off or assignment en masse of assets and liabilities and the transfer of the registered office outside of Spain it shall be necessary at first call that the meeting be attended in person or by proxy by shareholders holding at least 50% of the subscribed voting capital. At second call, the attendance of 25% of said capital shall suffice. For said resolutions to be adopted the favourable vote of 75% of the capital present or represented at the General Meeting shall be required, when at the second call, the meeting is attended by shareholders representing 25% or more but less than 50% of the subscribed voting capital." The same provision is contained in Article 20.2 of the Rules of the General Meeting of Codere S.A.

Additionally, article 7 of the Rules of Procedure of the General Meeting of Shareholders of the Company provides that the following is the competence of the General Meeting: "h) The transformation, merger, spin-off or assignment en masse of assets and liabilities and the transfer of the registered office outside of Spain and dissolution of the Company, and, in general, any amendment of the Corporate Bylaws".

As for the voting on resolutions, Article 24.3. b) of the Rules of Procedure of the General Meeting of Shareholders states that "In the case of the amendment of the bylaws, each item or group of items that are materially different" shall be voted on separately.

B.4 Indicate the attendance data for the general meetings held during the year of reference of the present report and those for the previous year:

	Attendance Data				
Date of General Meeting	% of those Physically Present	% of Proxy Holders	% of Remote Vote		Total
			Electronic Vote	Other	
25/06/2014	13.38%	63.40%	0.00%	0.00%	76.78%
27/04/2015	16.75%	57.55%	0.00%	0.30%	74.60%
25/06/2015	13.48%	53.71%	0.00%	2.45%	69.64%
04/12/2015	15.38%	8.59%	0.00%	51.55%	75.52%

B.5 Indicate whether the Bylaws contain any restriction regarding the minimum number of shares required in order to attend the General Meeting.

Yes ☒

No ☐

Number of shares required to attend the General Meeting

B.6 Paragraph revoked

B.7 Indicate the address and means of access to the company website for information on corporate governance and other information on general meetings to be made available to shareholders via the website of the Company.

The address of the website of the Company is www.codere.com.

From this address by clicking on the link called "Shareholders and Investors", multiple options are deployed, clicking the option titled "Corporate Governance". Clicking on that link will bring up information on the corporate governance of Codere SA, including its Bylaws, the Rules of the General Meeting, the composition of the Board of Directors, the Regulations of the Board, and specific information on the General Meetings. In this tab, we publish all information relating to the General Meetings of Shareholders held since the date of the IPO, as well as information on the Electronic Shareholder Forum.

C ADMINISTRATIVE STRUCTURE OF THE COMPANY

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors provided for in the Bylaws:

Maximum number of directors	15
Minimum number of directors	4

C.1.2 Complete the following table with respect to members of the Board:

Name of Director	Representative	Category of Director	Position on Board	Date of Initial Appointment	Date of Most Recent Appointment	Procedure for appointment
MR. JUAN JOSÉ ZORNOZA PÉREZ		Other external	DIRECTOR	17/06/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO		Executive	CHAIRMAN-CEO	07/05/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. JOSÉ IGNACIO CASES MÉNDEZ		Nominee	DIRECTOR	17/06/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO		Executive	DIRECTOR	17/06/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. EUGENIO VELA SASTRE		Other external	DIRECTOR	17/06/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ		Nominee	DIRECTOR	17/06/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO		Executive	DIRECTOR	07/05/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. JUAN JUNQUERA TEMPRANO		Independent	DIRECTOR	10/05/2012	10/05/2012	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MASAMPE, S.L.	MS. CRISTINA MARTINEZ SORIA	Nominee	DEPUTY CHAIRMAN	07/05/2008	25/06/2014	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. JOSEPH ZAPPALA		Independent	DIRECTOR	20/11/2002	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS

Total number of directors	10
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Indicate any resignations or dismissals from the Board of Directors produced during the period:

C.1.3 Complete the following tables regarding members of the Board of Directors and their type of directorship:

EXECUTIVE DIRECTORS

Name of Director	Position in company organization chart
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CHAIRMAN AND CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	DIRECTOR
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	DIRECTOR CODERE AMERICA

Total number of executive directors	3
% of total board	30.00%

EXTERNAL NOMINEE DIRECTORS

Name of Director	Name of significant shareholder which this director represents or which proposed the director's appointment
MR. JOSÉ IGNACIO CASES MÉNDEZ	MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO
MASAMPE, S.L.	MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Total number of external nominee directors	3
% of total board	30.00%

EXTERNAL INDEPENDENT DIRECTORS

Name of director:

MR. JUAN JUNQUERA TEMPRANO

Profile:

Former Secretary of State for Telecommunications and the Information Society CEO of Indestic Consulting, S.L.

Name of director:

MR. JOSEPH ZAPPALA

Profile:

Former U.S. ambassador to Spain (1989-1992)
President of Joseph Zappala Investments.

Total number of other independent directors	2
Total % of Board	20.00%

Indicate whether any director qualified as an independent director of the company or its group, receives any amount or benefit other than for the concept of directors fees, or holds or has held a business relationship with the company or any group company during the last financial year, either on their own behalf or as a significant shareholder, director or senior manager of a company that has or has had such a relationship.

No independent directors incurred in this circumstance.

In this case, provide a reasoned statement of the board on the reasons why it considers that the director can perform his or her functions as an independent director.

OTHER EXTERNAL DIRECTORS

Identify the other external directors and indicate the reasons why they cannot be considered nominee or independent directors and their ties, either with the company, its managers or its shareholders:

Name of Director:

MR. JUAN JOSÉ ZORNOZA PÉREZ

Company, executive or shareholder maintaining the link:

CODERE, S.A.

Reasons:

Law 31/2014 of 3 December, amending the Corporations Act to improve corporate governance, provides in Article 529 ak any director for continuous period exceeding 12 years cannot be considered in any way as an independent director.

Upon entry into force of this Act, we understand that the status as an independent director that until then was held by Juan José Zornoza Pérez, under the Ministerial Order ECC/461/2013, said status is lost for having held the position for over the 12 years established.

However, we understand that Juan José Zornoza Pérez cannot be considered a nominee director as he does not own any shares in the company and has not been designated or represent any shareholder of the company.

Name of Director:

MR. EUGENIO VELA SASTRE

Company, executive or shareholder maintaining the link:

CODERE, S.A.

Reasons:

Law 31/2014 of 3 December, amending the Corporations Act to improve corporate governance, provides in Article 529 ak any director for continuous period exceeding 12 years cannot be considered in any way as an independent director.

Upon entry into force of this Act, we understand that the status as an independent director, who until then held Eugenio Vela Sastre under the Ministerial Order ECC/461/2013, is lost for having held the position for over the 12 years established.

We understand, notwithstanding the foregoing, that Mr. Eugenio Vela Sastre cannot be considered a nominee director, not having been appointed by a shareholder, nor represent any shareholder.

Total number of other external directors	2
% total Board	20.00%

Indicate, if applicable, any changes that may have taken place during the period in regard to the type of directorship:

C.1.4 Complete the following table with information on the number of directors for the past 4 years, and the nature of such directors:

	Number of directors				% of total of each type of director			
	2015	2014	2013	2012	2015	2014	2013	2012
Executive	1	1	1	1	33.33%	33.33%	33.33%	33.33%
Nominee	1	0	0	0	33.33%	0.00%	0.00%	0.00%
Independent	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Other External	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	2	1	1	1	20.00%	10.00%	10.00%	10.00%

C.1.5 Explain the measures, if any, which have been taken to seek to include a number of women on the Board to achieve a balanced representation of women and men.

Explanation of the measures	
<p>The company has not formally adopted measures, nor any formal procedure for the inclusion of women in the Board so that their presence on the Board would be balanced. Notwithstanding the foregoing, the percentage of women on the Board of Codere S.A. is 20%, far above the average for the Boards of comparable companies.</p> <p>In addition, the Ethics and Conduct Code of Codere Group in section IV point 1 states that "The Codere Group will promote equal treatment for men and women as regards access to employment, training and promotion of professionals and working conditions, as well as access to goods and services and their supply". In point 5 of the same section states that "The Codere Group will maintain a rigorous and objective selection policy considering only the academic and professional merits of the candidates and the needs of the Group."</p>	
C.1.6 Explain the measures, if any, agreed by the appointments committee to ensure that the selection procedures are not implicitly biased against the selection of female directors and that the company makes a conscious effort to include potential female candidates which meet the desired professional profile:	Explanation of the measures

To cover new vacancies, pursuant to the Rules of the Board of directors, the Corporate Governance Committee ensures that the selection procedures are not implicitly biased against the selection of female directors and makes a conscious effort to include potential female candidates which meet the desired professional profile:

The Regulations of the Board of Directors of the Company empowers the Corporate Governance Committee to assess the skills, knowledge and experience required on the Board and to define the roles and capabilities required of the candidates to fill each vacancy and evaluate the time and dedication needed to perform their duties. Moreover, during the 2015 financial year, the Rules of the Board of Directors of Codere S.A. were amended for the purpose of including (among other matters) as a responsibility of the Corporate Governance Committee that of establishing a target of representation for the underrepresented gender on the Board of Directors and of preparing guidelines on how to attain the target set.

When, despite the measures, if any, taken there are few or no female directors, explain the reasons why:

Explanation of reasons

At the present time, the Board of Directors of Codere, S.A. is comprised by ten directors, two of whom are women. This means that women account for 20% of the Board, whereby their number cannot be considered low, since it far exceeds the average for Spanish companies.

C.1.6 bis Explain the conclusions of the Appointments Committee on the verification of compliance with the policy for the selection of directors. And, in particular, on how this policy is furthering the goal that by 2020, the number of female directors will represent at least 30% of the total number of members of the Board of Directors.

Explanation of the conclusions

The Corporate Governance Committee, during its meeting held in January 2016 for reviewing the relevant reports and making the proposals concerning the directors who will foreseeably join the Company's Board of Directors as a consequence of the restructuring process underway, agreed to make a record of the fact that, without prejudice to the appreciation of the suitability of the directors proposed on the basis of their characteristics of preparation and professional experience, it should be noted that the circumstance that all of the proposed directors are male candidates moves the company away from the objectives pursued by the Equality Act as well as from the recommendations of the Code of Good Governance of Listed Companies approved in 2015.

C.1.7 Explain the form of representation of significant shareholders on the Board of Directors.

Jose Antonio Martinez Sampedro, owner of 12,425% of the shares of the Company and who indirectly controls an additional 51'246%, is represented on the Board of Directors by the directors Mr. José Ignacio Cases Méndez, José Ramón Romero Rodríguez and Masampe, SL, Nominee Director and Deputy Chairman, which is represented in turn by Cristina Martínez Soria

C.1.8 Explain, if applicable, the reasons for appointing nominee directors at the request of shareholders holding less than 3% of the share capital.

Indicate whether formal requests for appointment to the Board have been denied to shareholders having a shareholding equal to or greater than that of other shareholders at whose request nominee directors were appointed. If applicable, explain the reasons why these requests were not honored.

Yes ☐

No ☒

C.1.9 In the case where a director has resigned from his or her position before the end of the term of the directorship, indicate whether or not said director has explained his or her reasons to the Board, and by what means, and, in the case where the director has explained the reasons in writing to the entire Board, explain below at least the reasons given by the director:

C.1.10 Indicate, if applicable, the powers delegated to the CEOs:

Name of Director:

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Brief description:

The Board of Directors permanently delegates all of the powers to the CEO, with the exception of those powers that are reserved by law or statute, and those which may not be delegated pursuant to the rules of procedure of the Board of Directors

C.1.11 Identify, if applicable, the members of the Board who hold directorships or management positions in other companies which form part of the listed company group:

Name of Director	Name of group company	Position	Has executive duties?
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	COLONDER. S.A.U.	CHAIRMAN AND JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL DOS. S.A.U.	CHAIRMAN AND JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE SERVICIOS COMPARTIDOS, S.A.U.	JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	C-F8. S.L.	JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE DISTRIBUCIONES. S.L.	JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE ESPAÑA. S.L.U.	JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE AMÉRICA. S.A.U.	CHAIRMAN AND JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL. S.L.U.	JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	NIDIDEM. S.L.U.	CHAIRMAN AND JOINT AND SEVERAL DIRECTOR	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERACTIVA S.L.	CHAIRMAN OF THE BOARD	NO
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	IMPULSORA DE CENTROS DE ENTRETENIMIENTO LAS AMÉRICAS SAPI DE CV	CHAIRMAN OF THE BOARD	YES
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE MÉXICO SA DE CV	CHAIRMAN OF THE BOARD	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	GESTIONI MARCONI. S.R.L.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	VEGAS. S.R.L.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERBINGO ITALIA. S.P.A.	CHAIRMAN OF THE BOARD	NO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	GIOMAX. S.R.L.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	BINTENGRAL. S.P.A.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ITALIA. S.P.A.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GAMING ITALIA. S.R.L.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE NETWORK. S.P.A.	CHAIRMAN OF THE BOARD	NO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODEMATICA. S.R.L.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	COLONDER. S.A.U.	JOINT AND SEVERAL CEO	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	PARISIENNE S.R.L.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	PALACE BINGO SRL	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS EXTREMADURA S.A.U.	SOLE ADMINISTRATOR	YES

Name of Director	Name of group company	Position	Has executive duties?
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GIRONA. S.A.	JOINT AND SEVERAL DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GUADALAJARA. S.A.	SECRETARY TO THE BOARD AND DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS LA RIOJA S.A.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL DOS. S.A.U.	JOINT AND SEVERAL CEO	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERIBÉRICA. S.A.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	MISURI. S.A.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CARTAYA. S.A.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ASESORÍA S.A.	JOINT AND SEVERAL DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CASTILLA Y LEÓN S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CATALUÑA SAU	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS NAVARRA S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RED AEAM. S.A.	JOINT AND SEVERAL DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	DESARROLLO ONLINE JUEGOS REGULADOS SAU	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ONLINE S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE SERVICIOS COMPARTIDOS, S.A.U.	JOINT AND SEVERAL DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS VALENCIA S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RECREATIVOS OBELISCO. S.L.	CHAIRMAN OF THE BOARD AND CEO	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	SIGIREC. S.L.	CHAIRMAN OF THE BOARD	NO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	EL PORTALÓN. S.L.	REPRESENTATIVE OF THE JOINT ADMINISTRATOR	NO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RESTI Y CIA. S.L.	REPRESENTATIVE OF THE JOINT ADMINISTRATOR	NO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CEUTA S.L.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE LOGROÑO. S.L.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE HUESCA SL	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS GALICIA. S.L.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CASTILLA-LA MANCHA S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS MURCIA. S.L.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	C-F8. S.L.	REPRESENTATIVE OF THE JOINT AND SEVERAL DIRECTOR	NO

Name of Director	Name of group company	Position	Has executive duties?
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE DISTRIBUCIONES. S.L.	JOINT AND SEVERAL DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ESPAÑA. S.L.U.	JOINT AND SEVERAL DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE AMÉRICA. S.A.U.	JOINT AND SEVERAL CEO	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL. S.L.U.	JOINT AND SEVERAL DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	NIDIDEM. S.L.U.	JOINT AND SEVERAL CEO	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS ESPAÑA S.L.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE SERVICIOS, S.R.L.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	JPVMATIC 2005. S.L.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ALICANTE, S.L.U.	SOLE ADMINISTRATOR	NO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE SAGUNTO SLU	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS ARAGON S.L.U.	SOLE ADMINISTRATOR	YES
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	CODERE INTERACTIVA S.L.	DIRECTOR	NO
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	IMPULSORA DE CENTROS DE ENTRETENIMIENTO LAS AMÉRCIAS SAPI DE CV	DIRECTOR	NO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CARRASCO NOBILE S.A.	MANAGER	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERMAR BINGOS. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE ARGENTINA. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ	BINGOS DEL OESTE. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	IBERARGEN. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	BINGOS PLATENSES. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	SAN JAIME. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERBAS. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	ITAPOAN. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERJUEGOS. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	ALTA CORDILLERA. S.A.	CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	HÍPICA DE PANAMÁ. S.A.	EXECUTIVE COMMITTEE CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	COMPAÑÍA DE RECREATIVOS DE PANAMÁ. S.A.	EXECUTIVE COMMITTEE CHAIRMAN	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE CHILE LIMITADA	REPRESENTATIVE	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	COLONDER. S.A.U.	JOINT AND SEVERAL CEO	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL DOS. S.A.U.	JOINT AND SEVERAL CEO	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE SERVICIOS COMPARTIDOS, S.A.U.	JOINT AND SEVERAL DIRECTOR	YES

Name of Director	Name of group company	Position	Has executive duties?
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE AMÉRICA. S.A.U.	JOINT AND SEVERAL CEO	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL. S.L.U.	JOINT AND SEVERAL DIRECTOR	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	NIDIDEM. S.L.U.	JOINT AND SEVERAL CEO	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE MEXICO S.A. DE C.V.	TREASURER	YES
MR. JOSÉ ANTONIO MARTINEZ SAMPEDRO	CODERE LATAM S.L.U.	JOINT AND SEVERAL DIRECTOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS ASTURIAS S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CANTABRIA S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS LA RIOJA S.A.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CASTILLA Y LEÓN S.A.U.	SOLE ADMINISTRATOR	YES
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE MEXICO S.A. DE C.V.	ALTERNATE DIRECTOR	NO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE LATAM S.L.U.	JOINT AND SEVERAL DIRECTOR	YES
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE COLOMBIA S.A.	PRINCIPAL MEMBER OF MANAGEMENT BOARD	NO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	BINGOS CODERE S.A.	PRINCIPAL MEMBER OF MANAGEMENT BOARD	NO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERSARE S.A.	PRINCIPAL MEMBER OF MANAGEMENT BOARD	NO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	PROMOCIONES RECREATIVAS MEXICANAS S.A. DE C.V.	ALTERNATE DIRECTOR	NO

C.1.12 Detail, if applicable, the company directors who are members of the Board of Directors of other listed companies in Spain other than those of your Group, which have been reported to the company:

Name or company name of the director	Name of the group company	Position
MR. JUAN JOSÉ ZORNOZA PÉREZ	GENERAL DE ALQUILER DE MAQUINARIA S.A.	DIRECTOR

C.1.13 Indicate, and if applicable, explain, if the company has established rules on the number of boards its directors may form part of:

Yes ☒

No ☐

Explanation of rules

Article 4.1.b) of the Rules of Procedure of the Board of Directors establishes that the Directors may not, except when expressly authorized by the Board, after a report by the Corporate Governance Committee, form part of more than 8 boards, excluding (i) the Boards of Companies forming part of the same group as that of the Company (ii) the Boards of familial or holding companies of the Directors or their families and (iii) the Boards which they are members of owing to their professional relation.

C.1.14 Paragraph revoked

C.1.15 Indicate the total remuneration of the members of the Board:

Remuneration of the board of directors (thousands of euros)	2,374
Amount of the rights accrued by the current directors in terms of pensions (thousands of euros)	0
Amount of the rights accrued by the former directors in terms of pensions (thousands of euros)	0

C.1.16 Identify any senior management who are not executive directors, and indicate total compensation payable to them during the year:

Name or company name	Position
MR. PEDRO CARLOS ECHEVARRIA ARNAIZ	ASSISTANT DIRECTOR TO THE CHIEF EXECUTIVE
MR. RAFAEL LÓPEZ ENRÍQUEZ CHILLÓN	HUMAN RESOURCE MANAGER
MR. SERAFÍN GÓMEZ RODRÍGUEZ	SECURITY AND COMPLIANCE MANAGER
MR. BERNARDO CHENA MATHOV	GENERAL MANAGER FOR ARGENTINA
MR. FELIPE LUDEÑA MUÑOZ	INFORMATION SYSTEMS MANAGER
MR. ANGEL CORZO UCEDA	ECONOMIC FINANCIAL MANAGER
MR. ADOLFO CARPENA MANSO	INTERNAL AUDIT MANAGER
MR. FERNANDO ORS VILLAREJO	BUSINESS DEVELOPMENT DIRECTOR
MR. ALEJANDRO PASCUAL GONZALEZ	EUROPEAN OPERATIONS MANAGER
MR. ITALO DURAZZO	MARKETING AND COMMUNICATIONS MANAGER
MR. DAVID JIMENEZ MARQUEZ	CORPORATE LEGAL AREA MANAGER

Total senior management compensation (in thousands of euros)	3,718
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C.1.17 Indicate, if applicable, the identity of the members of the Board who are, in turn, members of the Board of Directors of companies having significant shareholdings and/or in companies belonging to its group:

Name of Director	Corporate Name of Significant Shareholder	Position
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MASAMPE HOLDING, B.V.	JOINT ADMINISTRATOR

Describe, if any, other than those referred to in the previous section, the members of the Board of Directors with links to significant shareholders and/or the companies thereof:

Related Director Name or Corporate Name:

MASAMPE, S.L.

Related Significant Shareholder Name or Corporate Name

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Relation Description:

MASAMPE, S.L. is a company fully owned by Mr. Jose Antonio Martínez Sampedro

Related Director Name or Corporate Name:

MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO

Related Significant Shareholder Name or Corporate Name

MASAMPE HOLDING, B.V.

Relation Description:

Ms. Encarnación Martínez Sampedro is the majority shareholder of Mabloem Ontwikkeling BV, a company that owns 100% of Masampe Holding, BV

Related Director Name or Corporate Name:

MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO

Related Significant Shareholder Name or Corporate Name

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Relation Description:

Blood relation (sister and brother).

Related Director Name or Corporate Name:

MR. LUIS JAVIER MARTÍNEZ SAMPEDRO

Related Significant Shareholder Name or Corporate Name

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Relation Description:

Blood relation (sister and brother).

Related Director Name or Corporate Name:

MR. LUIS JAVIER MARTÍNEZ SAMPEDRO

Related Significant Shareholder Name or Corporate Name

MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO

Relation Description:

Luis Javier Martínez Sampedro and Ms. Encarnación Martínez Sampedro are siblings.

C.1.18 Indicate whether any change has been made during the year in the rules of procedure of the Board:

Yes ☒No ☐

Description of changes

At the meeting of the Board of Directors held on 24 January 2015, a resolution was approved for amending the Rules of Procedure of the Board, to adapt them to the changes introduced by Act 31/2014, amending the Companies Act with the intention of improving Corporate Governance. At the Extraordinary General Meeting held on 27 April 2015, the shareholders were informed about the most significant changes introduced in the text. In this regard, changes were made in relation to the determination of tax strategy as an exclusive responsibility of the Board, the introduction of the position of Coordinating Officer to be held by a director and changes in the composition of the Audit and Corporate Governance Committees, all of which are in line with the new legal requirements.

In addition, a resolution was passed at the meeting of the Board of Directors held on 29 October 2015 for amending the Rules of Procedure of the Board, in the scope of the financial restructuring process undertaken by the Company. Nevertheless, the Board of Directors suspended the effectiveness of the amendment to the Rules of Procedure until such time as it is determined whether all of certain conditions have been met or have been given a dispensation, in relation to the proceeding of the Scheme before the High Court of Justice of England and Wales. At 31 December 2015, the conditions were pending fulfillment and, therefore, the amendment of the Rules of the Board had not entered into effect.

C.1.19 Indicate the procedures for appointment, re-election, evaluation and resignation and dismissal of directors. Detail the competent organs, the steps to be taken and the criteria to be employed in each procedure:

- Selection:

The Rules of Procedure of the Board of Directors of the Company empower the Corporate Governance Committee to make recommendations to the Board regarding its duties, appointments or nominations regarding the structure of the Board and its Committees. To this end, the Rules of Procedure empower the said Committee to assess the skills, knowledge and experience required on the Board and to define the roles and capabilities required of the candidates to fill each vacancy and evaluate the time and dedication needed to perform their duties. In particular, the Corporate Governance Committee shall ensure that the selection procedures for new vacancies are implicitly unbiased against the selection of female directors. (Art: 16.2. and 1.16 of the Rules of Procedure of the Board of Directors) and shall establish a representation target for the underrepresented gender on the Board of Directors and develop guidelines on how to attain the target.

- Appointment:

The appointment of the members of the Board of Directors corresponds to the General Meeting of Shareholders (Art. 24.1 of the Corporate Bylaws), notwithstanding the power of the Board to appoint, from among the shareholders, those persons who are to fill any vacancies produced, until the next General Meeting is held (art. 24.16 of the Corporate Bylaws).

Those persons affected by any cause of incompatibility, disqualification, incapacity or legally established prohibition in any territorial sphere affecting the Company, both general causes as well as those applicable in terms of the object and activities of the Company (art. 24.4 of the Corporate Bylaws) are prohibited from being directors or representing directors that are legal persons

Furthermore, and in any event, the persons appointed as Directors are required to meet not only the conditions called for by law and the Corporate Bylaws but also those established in the Rules of Procedure of the Board of Directors, formally undertaking at the time they take office to comply with the obligations and duties stated therein, it being highlighted that when the Board of Directors makes its proposals to the General Meeting for the appointment of Directors and makes the pertinent appointments under the system of co-option, it will do so at the proposal of the Corporate Governance Committee, in the case of Independent Directors, and after a report by the Corporate Governance Committee in the case of all other directors (art. 2 Rules of Procedure of the Board of Directors).

- Re-election:

The Directors shall perform their duties for the term of four years, being eligible for re-election for further terms of the same duration.

As in the case of appointment, re-election must be preceded either by a proposal (in the case of Independent Directors) or by a report from the Corporate Governance Committee (in the case of all other Directors).

- Evaluation:

Once a year, at the proposal of the Corporate Governance Committee, the Board will evaluate its own functioning, as well as that of its Committees and that of the Chairman of the Board and, on the basis of the outcome, propose an action plan to correct any differences detected. The result of the evaluation will be included in the minutes of the meeting (art. 12 Rules of

Procedure of the Board of Directors.

- Resignation:

The Directors shall tender their resignation in the cases and for the reasons established by law or the bylaws (art. 3 Rules of Procedure of the Board of Directors).

C.1.20 Explain the extent to which the annual evaluation of the Board has led to major changes in its internal organization and the procedures applicable to its activities:

Description of changes

On 22 January 2015, after approving the report on the evaluation of the Board, the Board of Directors also approved an Action or Improvement Plan to address the deficiencies detected.

Accordingly, in relation to the failure to send the relevant information to the directors sufficiently in advance, during the 2015 financial year particular attention was given to speeding up the sending of the information to the directors, complying with the five-day period in advance stipulated in the Rules of Procedure of the Board of Directors for providing the documentation associated with the meetings of the Board, under the responsibility of the Chairman and the Secretary. In the 2015 evaluation made during the month of December 2015, a greater degree of satisfaction on the part of the directors was detected with respect to the time in advance by which the documentation was sent.

Moreover, and in regard to the need for appointing directors with more extensive financial expertise, the Action Plan was focused on ensuring that the new additions to the Board to be made during the 2015 financial year had profiles in consonance with the concerns expressed. However, due to the fact that the financial restructuring process took longer than expected, during 2015 it was decided that the best course of action was to re-elect the company's directors whose terms of office were about to end, awaiting the time when, with the entry of the new shareholders, the objective pursued could be attained..

C.1.20.bis Describe the evaluation process and the areas evaluated by the Board of Directors assisted, as appropriate, by an external consultant, with respect to the diversity of its composition and competencies, the functioning and composition of its committees, the performance of the Chairman of the Board and of the chief executive of the company and the performance and contribution of each director.

The annual Board evaluation process is performed internally, without the assistance of an external consultant.

This process commences with the sending of a questionnaire to each of the directors, granting them a time limit for the return of the completed questionnaire to the Secretary of the Board. The directors answer the questionnaire on a voluntary basis, and the confidentiality of the answers received is guaranteed.

The questionnaire is divided into five sections or areas:

- 1) In the first place, questions are asked in relation to the Board of Directors, through 13 different questions designed to assess how the management body operates in its various aspects, including a specific question with respect to whether the composition of the Board is adequate in terms of the suitability of the directors and of the conjunction of their knowledge and skills.
- 2) Secondly, questions are asked about the Committees of the Board of Directors, through four specific questions designed to assess whether they are adequate in terms of their composition and duties for advising the Board and preparing its decisions, together with other specifics of how they function.
- 3) Thirdly, the questionnaire includes a set of questions on the Chairman and the chief executive with respect to their performance in heading the management body, through 8 questions assessing different aspects of the way they operate.
- 4) In fourth place, the questionnaire briefly examines the work carried out by the Secretary of the Board through 4 questions.
- 5) Finally, the questionnaire in the 2015 financial year added one last paragraph, relating to the individual evaluation of each of the directors, including questions on the performance and educational background of each of the members of the Board.

Following receipt of the questionnaires, the company's Secretariat analyzes the replies, and a report is prepared with the results obtained, highlighting the areas for improvement and proposing actions for remedying the deficiencies detected.

Later, the Corporate Governance Committee holds a meeting, at which the Secretariat presents the work performed. The Committee will then approve a report on the results of the self-evaluation, together with an Action or Improvement Plan. These documents are subsequently reviewed during a meeting of the Board of Directors which, if it considers them to be in order, will approve them, or otherwise, will amend them.

C.1.20.3rd Provide a breakdown, if applicable, of the business relations maintained by the consultant or any company in its group with the company or any company in its group.

Not applicable, since the evaluation was not made with the assistance of an external consultant.

C.1.21 Indicate the cases in which directors are required to resign.

Nominee Directors are required to tender their resignation when the shareholder whom they represent sells its entire shareholding or when said shareholder reduces its holding to a level that requires a reduction in the number of Nominee Directors (art. 3.3 Rules of Procedure of the Board of Directors).

The Board shall not propose the resignation of any Independent Director prior to compliance with the statutory period for which said Director was appointed, unless the Board considers that there is just cause for so doing, after a report by the Corporate Governance Committee. In particular, good cause shall be understood to exist when the Director has failed to comply with the duties inherent to his or her position or is affected by any of the circumstances which prevent him from being classified as independent (art. 3.4 of the Rules of Procedure of the Board of Directors).

The dismissal of independent directors may also be proposed as a result of Takeover Bids, mergers or other similar corporate operations entailing a change in the corporate capital structure when said changes in the structure of the Board are made owing to the criterion of proportionality indicated in Recommendation 1.9. of the Rules of Procedure of the Board of Directors).

Directors are required to tender their resignation in those cases in which they may harm the trustworthiness and reputation of the Company (art. 3.6 Rules of Procedure of the Board of Directors).

When, whether as a result of resignation or for any other reason, a director leaves his or her position before the term thereof finalizes, said director explains the reasons in a letter to be sent to all of the members of the Board (article 3.7 of the Rules of Procedure of the Board of Directors).

C.1.22 Paragraph revoked.

C.1.23 Are reinforced majorities, other than the legal ones, required for any type of decision?

Yes ☐

No ☒

Where applicable, describe the differences.

C.1.24 Explain whether there are any specific requirements other than those pertaining to directors, in order to be appointed Chairman.

Yes ☐

No ☒

C.1.25 Indicate whether the Chairman has a casting vote:

Yes ☐

No ☒

C.1.26 Indicate whether the bylaws or the Rules of Procedure of the Board of Directors stipulate an age limit for directors:

Yes ☐

No ☒

C.1.27 Indicate whether the bylaws or the Rules of Procedure of the Board of Directors stipulate a limited term of office for independent directors:

Yes ☐No ☒

C.1.28 Indicate whether the corporate bylaws or rules of procedure of the Board of Directors establish any formal processes for proxy voting on the Board of Directors, in particular regarding the maximum number of proxies a director may hold and whether any limitation is required in terms of the categories in which it is possible to appoint a proxy, beyond the restrictions imposed by the relevant legislation. If so, briefly explain the rules.

Article 24.13 of the Bylaws provides that the Directors may delegate in writing their attendance and voting to any other Director, except for the non-executive Directors, who may only appoint another non-executive Director as their proxy.

Also, article 4.1.d. of the Rules of Procedure of the Board of Directors, establishes that Directors, notwithstanding their duty to attend the meetings of the organs which they form part of, and to reduce their absences to only the most essential instances, may delegate proxies to attend on their behalf, provided that said proxy is essential and is granted to another member of the Board in writing, is addressed to the Chairman of the Board, contains instructions and is exclusively for the meeting in question. The non-executive Directors may only appoint another non-executive Director as their proxy.

Aside from the foregoing, there are no other rules on the appointment of a proxy, since the company has not considered it necessary to regulate this matter, in view of the fact that practically no appointments for proxy voting have occurred in the last five financial years.

C.1.29 Indicate the number of meetings held by the Board of Directors during the past year. Likewise, indicate, if applicable, the number of times that the Board has met without the attendance of its Chairman: This calculation shall consider proxies without specific instructions as cases of non-attendance:

Number of Board meetings	12
Number of Board meetings not attended by the Chairman	0

Si el presidente es consejero ejecutivo, indíquese el número de reuniones realizadas, sin asistencia ni representación de ningún consejero ejecutivo y bajo la presidencia del consejero coordinador

Number of meetings	0
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Indicate the number of meetings that the various Board Committees have held during the year:

Commission fee	Number of meetings
COMPLIANCE AUDIT COMMITTEE	5
CORPORATE GOVERNANCE COMMITTEE	10
AUDIT COMMITTEE	12

C.1.30 Indicate the number of meetings held by the Board of Directors during the year without the attendance of all of its members. This calculation shall consider proxies without specific instructions as cases of non-attendance:

Number of meetings with the attendance of all of the directors	8
% of absences with respect to total votes during the year	96.66%

C.1.31 Indicate whether the individual and consolidated annual accounts submitted for approval by

the Board have been previously certified:

Yes ☒

No ☐

Identify, if applicable, the person/s who has/have certified the individual and consolidated annual accounts of the company, for the drafting thereof by the Board:

Name	Position
MR. ANGEL CORZO UCEDA	ECONOMIC FINANCIAL MANAGER

C.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated accounts drafted by it from being presented at the General Shareholders' Meeting with a qualified opinion in the auditors' report.

Pursuant to article 26.5 of the Corporate Bylaws and art. 14.2. e) of the Rules of Procedure of the Board of Directors, the Audit Committee has among its competences that of maintaining relations with external auditors in order to receive information in regard to those matters which might jeopardize the independence of the latter, and any other matters related to the audit process, and likewise to receive information and maintain with the auditor the communications stipulated by law.

In accordance with article 9.4 of the Rules of Procedure of the Board of Directors, the relations of the Board with the external auditors of the company, which shall be channeled through the Audit Committee, shall conform to criteria of loyal collaboration and respect for their independence. It is endeavored that the annual accounts drafted by the Board will be verified by the auditors without a qualified opinion. In the case whereby such qualified opinions are unavoidable, the Board, the Chairman of the Audit Committee and the auditors shall explain with clarity to the shareholders the content and scope of the reservations.

C.1.33 Is the Secretary of the Board of Directors a Director?

Yes ☐

No ☒

Si el secretario no tiene la condición de consejero complete el siguiente cuadro:

Name or company name of the Secretary	Representative
MR. LUIS ARGÜELLO ALVAREZ	

C.1.34 Paragraph revoked:

C.1.35 Indicate the mechanisms, if any, established by the company to preserve the independence of the auditor, the financial analysts, the investment banks and the rating agencies.

- With regard to the independence of the external auditors:

Pursuant to art. 9.4 of the Rules of Procedure of the Board of Directors, the relations of the Board with the external auditors of the company, which are to be channeled through the Audit Committee, shall obey criteria of loyal collaboration and respect for their independence. In addition, art. 14.2.e) of the same Regulation establishes that the Audit Committee shall have competence over the maintenance of relations with the external auditor, in order to receive information on those matters which may jeopardize the independence of the latter

Also, the Rules of Procedure of the Board of Directors establishes, among other tasks entrusted thereto, that the Audit Committee shall elevate the following to the Board of Directors: the selection, appointment, reappointment and removal of the external auditor, and the terms of their employment and receive regular information from the external auditor on the audit plan and the results of its execution, and verify that senior management are acting on its recommendations (Article 14.3.2 °, a) and b)).

Lastly, art. 14.3.2c) of the Rules of Procedure of the Board of Directors stipulates that it corresponds to the Audit Committee to ensure the independence of the external auditor, being required for said purpose to ensure that the Company communicates the change in auditor as a relevant fact to the Spanish Securities Commission (together with a declaration on the eventual existence of disagreements between the incoming and outgoing auditor), ensure that the Company and the auditor respect the regulations

in effect regarding the provision of services other than auditing services, the limits on the concentration of the business of the auditor, and in general, the other rules established to ensure the independence of auditors; and, if the external auditor resigns, examine the circumstances that have led thereto - With regard to the independence of financial analysts, investment banks and rating agencies:

Article 6.2 of the Internal Code of Conduct in Securities Markets stipulates that at the informative meetings between the company and its representatives with analysts, institutional investors and other securities market professionals, it will be endeavored to follow the recommendations established in said regard by the Spanish Securities Commission.

As a follow-up to the above, the investor relations department channels communication with institutional shareholders and financial analysts which cover the action of the Company, taking care to ensure that they are not furnished with any information which could entail a situation of privilege or advantage for them, in relation to the rest of the shareholders and moreover, consequently complying with the provisions of art. 6.1.c) of the Internal Code of Conduct in Securities Markets, which stipulates as prohibited conduct the recommendation to third parties of the acquisition, sale or assignment of company securities on the basis of privileged information.

C.1.36 Indicate whether during the year the Company has changed its external auditor. If so, identify the incoming and the outgoing auditor:

Yes ☐

No ☒

In the event of any disagreement with the outgoing auditor, explain:

C.1.37 Indicate whether the auditing firm does any work other than auditing for the company and/or its group, and, if this be the case, state the fees received for said work and the percentage this entails of the fees invoiced to the company and/or its group:

Yes ☒

No ☐

	Company	Group	Total
Amount of work other than auditing (thousands of euros)	43	270	313
Amount of work other than auditing / Total amount invoiced by the auditing firm (as a %)	23.90%	12.86%	13.74%

C.1.38 Indicate whether the audit report of the Annual Accounts for the preceding year shows any reservation or qualified opinion. If so, indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of said reservations or qualified opinions:

Yes ☐

No ☒

C.1.39 Indicate the number of years that the current auditing firm has been auditing the annual accounts of the company and/or its group without interruption. Likewise, indicate what percentage the number of years audited by the current auditing firm is with respect to the total number of years in which the annual accounts have been audited:

	Company	Group
Number of uninterrupted years	7	7
Number of years audited by the current auditor firm /no. of years that the company has been audited (as a %)	41.18%	41.18%

C.1.40 Indicate whether there is any procedure allowing directors to have access to external consultancy, and if so, give details:

Yes ☒

No ☐

Detail of Procedure

Under Article 5.1 of the Rules of Procedure of the Board of Directors of Codere, SA, the Directors, in addition to access to all services of the company and to seek information and advice they need to perform their duties, shall be entitled to propose to the Board of Directors to hire external financial, legal, technical, commercial advisors or any other measures deemed necessary in the interests of company. External consultancy is to be sought when the majority of independent Directors coincide on the need thereof.

Additionally, article 13.6 of the Rules of Procedure of the Board of Directors establishes that the Committees are authorized, in addition to the power to call for the attendance and collaboration of Company managers and employees, to contract external advisors when required by the Chairman of the Board. Managers, employees and outside consultants report directly to the Committee seeking their services.

C.1.41 Indicate and if so, detail whether there is any procedure allowing directors to have access to the information required to prepare the meetings of the organs of administration sufficiently in advance:

Yes ☒

No ☐

Detail of Procedure

Article 12 of the Rules of Procedure of the Board of Directors establishes that the notification of ordinary meetings of the Board shall be made by letter, fax, Telegram or e-mail and shall carry the signature of the Chairman or that of the Secretary or Deputy Secretary by order of the Chairman. Notice will be sent in good time for the Directors to receive it no later than the fifth day before the date of the meeting. The notice of meeting shall at all times include the agenda of the meeting together with any written information deemed suitable as stipulated in said Rules. Nevertheless, when the Chairman deems that there are exceptional circumstances so requiring, the meeting of the Board may be called by telephone, fax or email, without observing the term of advance notice mentioned above and without providing the aforesaid information, informing the Directors of the possibility of examining said information at the registered office.

Nevertheless, for those sessions of the Board that will debate the amendment of the regulation, Article 18 increases the aforementioned period, indicating that any proposal to amend the Regulation of the Board shall be included in the agenda of the session in which it will be voted, to be convened with at least ten days advance notice to facilitate their examination and analysis.

C.1.42 Indicate, and if applicable, detail whether the company has established any rules requiring directors to report to the company any cases which may harm the trustworthiness and reputation of the company and, where appropriate, to resign:

Yes ☒

No ☐

Explain the Rules

Article 3.6 of the Rules of Procedure of the Board of Directors stipulates that Directors are required to resign in those cases which may harm the trustworthiness and reputation of the Company, and likewise to report to the Board any criminal action brought against them, as well as the subsequent procedural outcome. If a Director is prosecuted or is brought to trial for any of the crimes indicated in article 213 of the Capital Companies Act, the Board shall review the case as soon as possible and, in view of the specific circumstances; decide whether or not the director should continue in office. The Board will report on the matter in the Annual Corporate Governance Report.

C.1.43 Indicate whether any member of the Board of Directors has informed the company that he or she has been indicted or ordered to stand trial for any of the crimes indicated in article 213 of the Capital Companies Act:

Yes ☐

No ☒

Indicate whether the Board of Directors has analyzed the case. If so, give a reasoned explanation of the decision taken as to whether or not it is advisable for the director to remain in his or her position.

C.1.44 Detail the significant agreements entered into by the company and those, which will enter into force, be amended or concluded in the case of a change in the control of the company as the result of a takeover bid, and the effects thereof.

1.- Senior Credit Line: The Company has entered into a Senior Credit Agreement dated October 19, 2007, as amended and novated on various dates, for a maximum available amount of €130 million in cash and €18.8 million in guarantees, and although it is technically in default, the holders have signed an agreement to not enforce said default while the conditions of the Lock-up Agreement signed in September 2014 are met.

Said Senior Credit Line provides an early termination in the event of a change of control of the company Codere, S.A. and all amounts due thereunder shall, where applicable, be immediately paid within two business days.

2.- Bond Issue for 760 million Euros: The Codere, S.A. subsidiary, Codere Finance SA (Luxembourg), has issued bonds maturing in 2015 (different dates from June 2005) for an aggregate nominal amount of 760 million euros. Codere S.A., and several of its subsidiaries guarantee the issues. In the case of a change in control of Codere S.A., the bondholders would be able to request the early repurchase of all or part of their certificates. These bonds are in default for non-payment of coupons, but the bondholders have signed an agreement not to enforce the said default and the terms for refinancing, to not enforce said default while the conditions of the Lock-up Agreement signed in September 2014 are met.

3. Bond Issue for 300 million USD: On February 1, 2012, the subsidiary of Codere, S.A., Codere Finance SA (Luxembourg) issued bonds maturing in 2019, for a nominal amount of USD 300 million, which was fully subscribed on the same date. The issue, which was guaranteed by Codere S.A. and several of its subsidiaries, is in addition to the bond issues carried out by Codere Finance (Luxembourg) S.A. mentioned in the preceding point. In the case of a change in control of Codere S.A., the bondholders would be able to request the early repurchase of all or part of their certificates. These bonds are in default for non-payment of coupons, but the bondholders have signed an agreement not to enforce the said default and the terms for refinancing, to not enforce said default while the conditions of the Lock-up Agreement signed in September 2014 are met.

Additionally, there is another series of contracts with service providers, which provide for early termination in the case of a change in the control or ownership of Codere, S.A. (or of the supplier) without the need of the written consent of the other party in advance; although we consider that these agreements are of relative importance.

C.1.45 Identify in aggregate and specify, in detail, the agreements between the company and its directors and executives or employees providing for compensation, indemnity or guarantees, if they resign or are made redundant without valid reason or if the contractual relationship comes to an end as a result of a public takeover bid or other corporate operations.

Number of beneficiaries: 4

Type of beneficiary: Executives

Description of the agreement:

In three of the contracts the guarantee is compensation for dismissal equivalent to one year of salary; another case is for severance pay equal to 18 months

Indicate whether the existence of such contracts is required to be reported and/or whether the governance organs of the company or of its group must approve them:

	Board of Directors	General Meeting of Shareholders
Organ authorizing the contracts	Yes	No

	Yes	No
Was the General Meeting of Shareholders informed of the contracts?		X

C.2 Committees of the Board of Directors

C.2.1 Detail all of the Committees of the Board of Directors, their members and the proportion of executive, nominee, independent and other external directors belonging to them:

COMPLIANCE COMMITTEE

Name	Position	Type
MR. JOSÉ IGNACIO CASES MÉNDEZ	CHAIRMAN	Other External
MR. JUAN JUNQUERA TEMPRANO	MEMBER	Independent
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	MEMBER	Nominee
MASAMPE, S.L.	MEMBER	Nominee
MR. JOSEPH ZAPPALA	MEMBER	Independent

% of nominee directors	60.00%
% of independent directors	40.00%
% of other external directors	0.00%

Explain the duties attributed to this Committee, describe its procedures and organizational and operating rules and sum up its most significant activities during the financial year.

The composition of the Compliance Committee is comprised by a minimum of three and a maximum of six members, appointed by the Board of Directors. The majority of the members of this Committee must be external directors.

An effort should be made to ensure that the Chairman of the Compliance Committee is an independent director. If the Chairman appointed is not an independent director, the Annual Corporate Governance Report must include information setting out the specific reasons why this has been the case.

Without prejudice to any other duty which the Board of Directors may assign to it, the Compliance Committee shall have the following competencies:

- The monitoring of compliance by the Company and the Group with the domestic or foreign laws and regulations applicable to it in the context of gaming.
- Evaluate the internal control systems of both the Company and the Codere Group in relation to their reporting and transparency obligations in the gaming context and put forward those proposals for the implementation and upgrading of systems as it may deem necessary or advisable.
- The monitoring of compliance and the control systems by the Company and the Group in terms of the regulations on money laundering prevention and the proposals for the implementation and upgrading of systems considered necessary or advisable.
- Establish and supervise a mechanism that will enable the employees, customers, suppliers and other third parties with whom contractual relations exist to report confidentially and, if considered appropriate, anonymously, any potentially significant irregularities, particularly financial and accounting irregularities, which they may detect within the company.
- Monitor the security systems and measures applied in the performance of the business activities of the Company and the Group, with regular reporting to the Committee by the managers responsible for these areas.

During the 2015 financial year, the Compliance Committee carried out a range of activities, among which the updating of the Money Laundering Prevention Manual and the audit by an External Expert specialized in money laundering prevention stand out.

CORPORATE GOVERNANCE COMMITTEE

Name	Position	Type
MR. JUAN JUNQUERA TEMPRANO	CHAIRMAN	Independent
MR. JOSÉ IGNACIO CASES MÉNDEZ	MEMBER	Nominee
MASAMPE, S.L.	MEMBER	Nominee
MR. EUGENIO VELA SASTRE	MEMBER	Other External
MR. JUAN JOSÉ ZORNOZA PÉREZ	MEMBER	Other External

% of nominee directors	40.00%
% of independent directors	20.00%
% of other external directors	40.00%

Explain the duties attributed to this Committee, describe its procedures and organizational and operating rules and sum up its most significant activities during the financial year.

The Corporate Governance Committee, which also takes in the nature and functions recommended by the Unified Code of Good Governance for Listed Companies for the Appointments and Compensation Committee, shall be comprised by a minimum of three and a maximum of six members, appointed by the Board of Directors. All of the members of this Committee must be external directors, with at least two independent directors.

The Chairman of the Corporate Governance Committee shall be appointed from among the independent directors.

Without prejudice to any other duty which the Board of Directors may assign to it, the Corporate Governance Committee shall have the following competencies:

- (a) Examine compliance with the Internal Code of Conduct in the Securities Markets and make the proposals necessary for improving compliance, as well as supervise compliance with the rules of corporate governance applicable in this regard.
- (b) Prepare reports and proposals for referral to the Board concerning the decisions to be adopted in conflict of interest situations.
- (c) Submit to the Board, for approval, the Annual Corporate Governance Report and the Report on the Director Compensation Policy.
- (d) Make the proposals stipulated in these Rules of Procedure with respect to the compensation of the members of the Board of Directors.
- (e) Evaluate the skills, knowledge and experience necessary for serving on the Board, define, accordingly, the functions and skills necessary in the candidates who are to fill each vacancy and assess the time and dedication required for the proper discharge of their duties.
- (f) Make the proposals to the Board in relation to its duties of appointment or of proposal, with respect to the composition of the Board and of its Committees.
- (g) Prepare reports on the appointment and removal of senior managers which the chief executive may propose to the Board.
- (h) Prepare reports for the Board, whenever appropriate, concerning the issues of gender diversity contained in article 1.12.
- (i) Make a proposal to the Board of Directors concerning the remuneration of the Chairman-CEO in terms of his or her status as chief executive of the Company, or that of the other executive directors, separate from their compensation as directors in accordance with the Bylaws, as well as with respect to the other terms & conditions of their contracts.
- (j) Propose to the Board the general remuneration policy to be applied to the senior management staff of the Company and its subsidiaries or investee companies, together with the basic terms & conditions of the contracts of the senior managers.
- (k) Establish guidelines and supervise the actions taken with respect to the appointment, selection, career development, promotion and dismissal of managers, to ensure that the Company has the highly qualified personnel necessary for its management.
- (l) Make proposals to the Board and prepare the review of the matters to be brought to its attention with respect to those issues that are not the specific responsibility of any of the other Committees, whenever this is considered necessary.
- (m) Establish a representation target for the underrepresented gender on the Board of Directors and develop guidelines on how to attain the target.
- (n) Propose to the Board of Directors the policy for the compensation of the directors and for the remuneration of the general managers or of those who perform senior management functions and answer directly to the Board or to the CEO, as well as the individual remuneration and other contractual terms & conditions of the executive directors, overseeing their observance.

Among the most significant tasks performed during the 2015 financial year, we find that the Corporate Governance Committee has supervised the amendment of the Corporate Bylaws, the Rules of Procedure of the General Meeting of Shareholders and the Rules of Procedure of the Board, for the purpose of adapting them to Act 31/2014, amending the Companies Act, in addition to performing the Evaluation of the Board and drawing up the Improvement Plan for remedying the deficiencies detected.

AUDIT COMMITTEE:

Name	Position	Type
MR. JOSEPH ZAPPALA	CHAIRMAN	Independent
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	MEMBER	Nominee
MR. JUAN JUNQUERA TEMPRANO	MEMBER	Independent
MR. JUAN JOSÉ ZORNOZA PÉREZ	MEMBER	Other External
MR. EUGENIO VELA SASTRE	MEMBER	Other External

% of nominee directors	20.00%
% of independent directors	40.00%
% of other external directors	40.00%

Explain the duties attributed to this Committee, describe its procedures and organizational and operating rules and sum up its most significant activities during the financial year.

The Audit Committee shall be comprised by at least three and no more than six members, appointed by the Board of Directors. All of the members of this Committee must be external directors, with at least two independent directors.

Its members, and particularly its Chairman, must be appointed by keeping in mind their knowledge and experience in accounting, auditing or risk management.

The Chairman of the Audit Committee should be an independent director and must be replaced every four years, with the possibility of re-election once a period of one year has transpired since the conclusion of his or her term of office.

Without prejudice to any other duty as may be assigned to it by the Board of Directors, the Audit Committee shall have as its primary duty that of providing support to the Board of Directors in its financial supervision responsibilities and, specifically, shall have the following competencies, as a minimum:

- (a) Inform the General Meeting of Shareholders about the issues raised during meetings by the shareholders within the scope of the competencies of the Audit Committee.
- (b) Propose the appointment of external auditors to the Board of Directors for referral to the General Meeting of Shareholders for approval.
- (c) Supervise the internal audit services.
- (d) Be familiar with the financial reporting process and the internal control systems.
- (e) Maintain the relations with the external auditor for receiving information on those issues which could place the independence of the auditor at risk and any other issues relating to the process for the performance of the audit, as well as for receiving information and maintaining with the auditor those communications which are stipulated in the relevant legislation.
- (f) Report on the annual accounts, as well as on the issue prospectuses and on the regular financial information that must be sent to the regulatory bodies quarterly or half-yearly, with particular attention to the fulfillment of the legal requirements and the proper application of the generally accepted accounting principles, and to the existence of internal control systems and the monitoring thereof, together with the compliance with the internal audit.
- (g) Prepare a brief annual report describing the activities carried out by the Committee.

A range of duties will also come under the responsibility of the Audit Committee in relation to the information and internal control systems, the external auditor, the provision of information to the Board in advance of meetings on certain decisions reserved for the Board alone (financial information to be published on a regular basis, the creation or acquisition of shareholdings in special interest entities or entities domiciled in tax havens...), as well as the Company's risk control and management policy.

During the 2015 financial year, the Audit Committee commenced the work for examining the responsibility of the directors in the determination of the Company's tax strategy and decided to propose to the Board (meeting of 22 January 2015) the contracting of an independent expert to advise the Company on the establishment of the relevant procedures and documents. In the course of this work, the Audit Committee was timely informed and contributed its proposals (meeting of 25 May 2015), in order to finally deem the work as concluded, during the meeting of 29 July 2015, and to propose to the Board of Directors the approval of the document setting out the Corporate Tax Policy. This Policy was approved in such terms by the Board of Directors on that same date. In addition, the Committee supervised the work for the preparation of the financial information which, due to its status as a listed company, Codere SA is under the obligation of publishing on a regular basis.

Identify the director, member of the Audit Committee, who was appointed by taking into account his or her knowledge and experience in the fields of accounting, auditing or both and report on the number of years the Chairman of the Committee has held this position.

Name of the director with experience	DON EUGENIO VELA SASTRE
No. of years in the position of Chairman	0

C.2.2 Complete the following table with information on the number of directors comprising the committees of the board during the last four years:

	Number of directors							
	2015		2014		2013		2012	
	Number	%	Number	%	Number	%	Number	%
Compliance Committee	1	20.00%	0	0.00%	0	0.00%	0	0.00%
Corporate Governance Committee	1	20.00%	0	0.00%	0	0.00%	0	0.00%
Audit Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%

C.2.3 Paragraph revoked:

C.2.4 Paragraph revoked:

C.2.5 Indicate the existence, if any, of rules of procedure for the Board committees, the place where they are available for consultation and any changes made in them during the year. In turn, indicate whether any annual report in regard to the activities of each committee has been voluntarily drafted:

AUDIT COMMITTEE:

The organization and functioning of the Audit Committee is regulated in detail in article 14 of the Rules of Procedure of the Board of Directors, as well as in article 26 of the Corporate Bylaws. During the 2015 financial year, the regulation of the Committee was amended to adapt it to the changes introduced by Act 31/2014, reforming the Companies Act, including the requirement that at least two of the members of the Audit Committee must be independent directors, as well as entrusting that Committee with the duty of reviewing the tax risks on a regular basis. The regulatory texts mentioned are available on the Codere website (www.codere.com).

The Audit Committee has submitted a report to the Board of Directors on the activities carried out during the 2015 financial year. In addition, the Committee made the Annual Audit Committee Activity Report on the 2014 financial year available to the shareholders at the Regular General Meeting held in June 2015.

CORPORATE GOVERNANCE COMMITTEE:

The organization and functioning of the Corporate Governance Committee is regulated in detail in article 16 of the Rules of Procedure of the Board of Directors. During the 2015 financial year, the regulation of the Committee was amended to adapt it to the changes introduced by Act 31/2014, reforming the Companies Act, including the requirement that at least two of the members of the Corporate Governance Committee and its Chairman must be independent directors, as well as entrusting that Committee with the duties of establishing a representation target for the underrepresented gender on the Board of Directors and of proposing to the Board of Directors the policy for the compensation of the directors and for the remuneration of the general managers or of those who perform senior management functions and answer directly to the Board or to the CEO, as well as the individual remuneration and other contractual terms & conditions of the executive directors, overseeing their observance. The Rules of Procedure of the Board of Directors are available on the Codere website (www.codere.com).

The Corporate Governance Committee has submitted a report to the Board of Directors on the activities carried out during the 2015 financial year. In addition, the Committee made the Annual Corporate Governance Committee Activity Report on the 2014 financial year available to the shareholders at the Regular General Meeting held in June 2015.

COMPLIANCE COMMITTEE:

The organization and functioning of the Compliance Committee is regulated in detail in article 15 of the Rules of Procedure of the Board of Directors. This article has undergone no change whatsoever during the 2015 financial year and is available on the Codere website (www.codere.com).

The Compliance Committee has submitted a report to the Board of Directors on the activities carried out during the 2015 financial year. In addition, the Committee made the Annual Compliance Committee Activity Report on the 2014 financial year available to the shareholders at the Regular General Meeting held in June 2015.

C.2.6 Paragraph revoked:

D RELATED-PARTY AND INTRA-GROUP TRANSACTIONS

D.1 Explain, if appropriate, the procedure for approval of related-party and intragroup transactions.

Procedure for reporting on the approval of related-party transactions

Article 7 of the Rules of Procedure of the Board of directors of Codere, S.A. states that related-party transactions must be approved by the Board of Directors following a favourable report of the Audit Committee (art. 14.3.3º.c). The Directors affected by these transactions can neither exercise nor delegate their votes, should be absent from the meeting while the Board deliberates and votes.

However, authorization of the Board is not required for related-party transactions that simultaneously meet the following three conditions:

- (i) They are conducted under contracts whose terms are standardized and apply en masse to many customers;
- (ii) That they be carried out at prices or rates generally established by the supplier of the good or service in question;
- (iii) The amount does not exceed 1% of the annual revenue of the Company.

D.2 Detail the transactions that are significant due to the amount or subject matter between the company or entities of its group, and the significant shareholders of the company:

D.3 Detail the transactions which are significant due to the amount or subject matter between the company or entities of its group, and the directors or management of the company:

Name of director or manager	Related party name or corporate name	Relationship	Nature of the operation	Amount (thousands of euros)
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE, S.A.	DIRECTOR	Financing agreements: loans	512
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	CODERE, S.A.	DIRECTOR	Provision of services	505
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE, S.A.	DIRECTOR	Financing agreements: loans	1,045
MR. ADOLFO CARPENA MANSO	CODERE, S.A.	EXECUTIVE	Financing agreements: loans	9
MR. FERNANDO ORS VILLAREJO	CODERE, S.A.	EXECUTIVE	Financing agreements: loans	14

D.4 Detail the significant transactions carried out by the company with other companies belonging to the same group, provided that these are not eliminated in the process of drafting the consolidated financial accounts and do not form part of the normal business activity of the company in regard to their object and conditions.

In any case, report any intra-group transaction carried out with entities established in countries or territories considered as a tax haven:

D.5 Indicate the amount of transactions with other related parties.

579 (In thousands of Euro)

D.6 Detail the mechanisms established in order to detect, determine and resolve any possible conflict of interest between the company and/or its group, and its directors, management or significant shareholders:

Among the duties of Directors stipulated in Article 4 of the Rules of Procedure of the Board of Directors of Codere, S.A. is the duty of loyalty to company interests and, in said regard, paragraph 4.d thereof states that: The Directors are required to communicate to the Board of Directors any situation of direct or indirect conflict which they may enter into with respect to Company interests. In the case of conflict, the affected Director shall refrain from taking part in the transaction which is the object of conflict. Situations of conflict of interests shall be reported in the annual report.

Article 16 of the said Rules, when regulating the composition, functioning and competences of the Corporate Governance Committee, determines that said Committee shall draft reports and proposals to the Board regarding the decisions to be adopted in cases of conflict of interests.

In addition, in accordance with article 5 of the Codere Internal Code of Conduct in Securities Markets, the affected persons (that is, directors, senior management, and employees which may have access to privileged information) are required to adapt their actions in relation to the conflict of interest not only to the provisions of said Code but also to the provisions of the Rules of Procedure of the Board of Directors, insofar as these are applicable to them.

When a situation takes place that entails, or may potentially entail, a conflict of interest, the person subject to the Code must immediately inform the General Secretariat of said situation, and furnish said Secretariat with all information requested of said individual for an evaluation of the circumstances of the case, if required.

The General Secretariat shall pass this on to the Board Committee for the adoption of the pertinent decisions. The Board Committee is to be consulted about any doubt as to the possible existence of a conflict of interest before any decision that could be affected by said conflict of interest is adopted.

The General Secretariat shall communicate the existence of the conflict of interest to the person or person involved in the management of the situation or in the adoption of the decisions affected by said conflict.

The person subject to the Code who is affected by a situation of conflict of interest shall refrain from taking part in or directly

or indirectly influencing the transaction, decision or situation affected by said conflict.

In the case of a conflict of interest, as a general rule resulting from the obligation of loyalty to the Company, the interest of the Codere Group is to prevail over that of the affected person subject to the Code.

D.7 Does the Group have more than one listed company in Spain?

☐ Yes

☒ No

Identify the listed subsidiaries:

Listed subsidiaries

Have the respective areas of activity and eventual business relations between the two, as well as those of the listed subsidiary with the other companies in the group been expressly publicly announced

Define any business dealings between the parent company and the listed subsidiary, and between it and the other group companies

Identify the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies:

Mechanisms to resolve potential conflicts of interest

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the Risk Management System of the company, including the tax risks.

The Risk Management System exists at the business area level or for specific projects but does not consolidate information at the corporate or group level.

During 2012, the Board of Directors approved the Risk Control and Management General Policy as well as the Risk Tolerance Document.

The Codere Group Risk Control and Management General Policy aims to establish the basic principles and general action framework for the control and management of every type of risk faced by the Group.

All actions aimed at controlling and mitigating risk at all times follow certain basic principles, such as the integration of risk-opportunity vision, operating level segregation of risk-taking areas, and areas responsible for risk analysis, control and supervision; guarantee of the correct use of hedge instruments and assurance regarding adequate compliance with corporate governance rules and the values set out by the company in its Code of Ethics.

The Risk Control and Management General Policy and its basic principles are materialized through a system of risk control and management, based on a definition and assignment of functions and responsibilities at the operating level and on a series of procedures and methodologies in line with the various stages and activities of the system. The principal stages and activities include, but are not limited to, the following:

- a. Risk tolerance definition by the Board of Directors.
- b. Annual identification and analysis of the significant risks conducted by each Business Unit and/or department.
- c. Reporting of the principal risks, especially those exceeding the limits established by the Board of Directors.
- d. Introduction and control of compliance with policies, guidelines and limits, through adequate procedures and systems required to mitigate the impact of risk materialization.
- e. Periodical evaluation and communication, at least yearly, of the results of the control and management monitoring.
- f. Auditing of the system by the Internal Audit Department.

With respect to the tax risk management system, the Board of Directors of the Group approved the Codere Group Corporate Tax Policy on 29 July 2015. Through this policy, the tax policies governing how the Group proceeds are approved and published, adopting specific measures for the management of tax risks and implementing an appropriate internal control system on tax risk aspects.

In addition, a specific manual of tax control and management procedures is being prepared, which will also include supervision of the Group's internal information and tax control systems. Close collaboration is established with the Internal Audit Department, in such a way as to ensure that the controls necessary for the supervision of compliance with the processes that enable the monitoring and control of tax risks are integrated into its action plan for each financial year.

E.2 Identify the organs of the company responsible for the development and implementation of the Risk Management System, including tax risks.

Article 7 of the Rules of Procedure of the Board of Directors of Codere S.A. establishes a number of competencies which the plenum of the Board of Directors reserves for itself, one of which is the risk control and management policy, including tax risks, as well as the regular monitoring of the internal information and control systems.

Article 26 of the Company Bylaws stipulates that the Audit Committee shall at least carry out the functions of supervising the efficacy of company internal control, internal auditing, if applicable, and the risk management systems. Likewise, article 14.3 of the Rules of Procedure of the Board of Directors establishes that the Audit Committee in particular is in charge of periodically revising the internal control and risk management systems, including tax risks, for the proper identification, management and dissemination of the principal risks. Lastly, the Board of Directors has conferred upon the Audit Committee (which in turn has delegated to the Internal Audit Department) the responsibility of periodically revising the risk control and internal control systems, for the proper identification, management and dissemination of the principal risks. Likewise, at least once a year the Audit Committee is required to report to the Board of Directors in regard to risk control and any malfunctions detected in the internal audit reports or in the exercise of its functions.

In addition, during the 2015 financial year, the Board of Directors approved the Codere Group Corporate Tax Policy, which included the obligation of the Board of overseeing compliance with the principles and standards contained in that Policy. Likewise, the Policy stipulates that the way the monitoring of such principles and best tax practices is promoted is through the Chairman-CEO and the Senior Managers, with the support of the Audit Committee, which will supervise the effectiveness of the tax risk management and control systems and will provide the Board with information on certain relevant aspects on a regular basis.

E.3 Describe the main risks, including tax risks, which may affect the achievement of business objectives.

The Risk Control and Management General Policy includes the identification and definition of the typology of risks which are significant for the Group, and which, in general terms, are listed below:

- Corporate Governance Risks: The Company employs the strategy of sustained maximization of the economic value of the Company and its successful outcome in the long term taking into account the legitimate public or private interests of the various stakeholders, communities and territories in which the Group acts, and those of its workers. In said regard, compliance with Group corporate governance systems inspired by the good governance recommendations generally recognized in the financial markets becomes fundamental.
- Operational and Loss of Income Risks: established as the uncertainty in regard to the performance of key variables intrinsic to the business, as well as those related to direct or indirect economic loss resulting from inadequate internal processes, technological breakdown, and human error or as the result of outside events, including economic, social and reputational impact.
- Regulatory and Institutional Relation Risks: these come from changes in regulations established by the various regulators where the Group has a presence, principally in regard to the conditions related to the exploitation of the licenses granted, and which may adversely affect foreseen income. Likewise included are risks from delays, complications, and even the impossibility of carrying out projects, improvements, offers of new products, etc., owing to difficult relations with the regulatory institutions.
- Fiscal Risks: resulting from the various interpretations that, in the case of audit, regulators may give to the fiscal criteria followed by the Group.
- Indebtedness Risk: As a consequence of the indebtedness level and characteristics, the debt service obligations may hinder the growth of Group operations and limit their performance. As a result of the obligations assumed in borrowing operations, there are limits on additional indebtedness, the possibility of granting new guarantees, investing in certain assets or disposing of them, and the obligation of compliance with certain ratios and covenants.
- Country Risk: Risk resulting from the sociopolitical situation of the countries in which the Group has a presence, especially in Latin America. This category also includes the risks resulting principally from the local currency exchange rate fluctuations against the euro in those countries where the Group has a presence.
- Technological Risk: refer to the negative impacts that may occur in the Group as a result of losses caused by interruption, failure or damage arising from the information systems and technology platforms game.

- Reputational Risk: Potential negative impact on Group value as the result of conduct by the company that does not meet the expectations created in the various stakeholders.

E.4 Identify whether the company has a level of risk tolerance, including the tax risks.

The general risk management and control policy of the Codere Group provides that the Board of Directors of Codere, S.A. is responsible for defining the Group's risk tolerance.

The definitions of tolerance and risk levels are regularly updated and communicated to the rest of the organization by establishing a framework of policies, guidelines and limits, as well as the corresponding mechanisms for the approval, which will contribute effectively to ensuring that Risk management is conducted in accordance with the risk tolerance of the Company.

To this end, the Company has established a scale with five levels of risk tolerance. For each of the types of risks to which the Group is subject a value of this scale is assigned, thereby establishing the risk tolerance by type of risk.

Moreover, the Board of Directors of Codere SA is responsible for the approval of all transactions with significant tax implications, understanding as such those transactions which, due to their particular characteristics, their strategic nature or their level of materiality, could involve a significant tax risk for the Codere Group.

The risk analysis is decentralized to the heads of each business unit and/or department, who are responsible for understanding and managing each of the risks that affect him or her. Annually, in accordance with said analysis, the principal risks, especially those exceeding the limits established by the Board of Directors must be reported.

E.5 Indicate which risks, including the tax risks, have materialized during the year.

Operational risks:

Circumstances giving rise to the risk: These risks are intrinsic to the business model, to Group activity and to the markets in which it operates, and therefore exist and are materialized throughout each business year.

How the control systems functioned: The internal control systems established by the Group have been functioning correctly throughout the year; consequently, they have had no significant effect on the Group financial statements.

Regulatory risk:

Circumstances giving rise to the risk: During the year there were some exceptional factors driven by regulatory changes made by different regulators or by different actions by the government of the countries where the Group operates that have generated significant liquidity problems in the group. Of these factors, we would highlight the closure of eight arcades in Mexico in 2013, of which seven are still closed in 2015, and the increase in gaming taxes in some jurisdictions where the Group operates (Italy, Colombia, Panama, etc.)

How the control systems functioned: As soon as these threats are identified and the risks are identified, we apply suitable mitigation plans through both the Group's interest in the relevant industry associations, and through the activity of institutional relationship and by establishing process optimization plans and improving the efficiency of operations sufficient to recover the levels of margins initially planned

Fiscal Risks:

Circumstances giving rise to the risk: Codere Mexico and its subsidiaries are currently in process of tax inspection for the years 2008 and 2009 by the Mexican Tax Administration Service that we believe will end in the year 2016.

In addition, a fresh inspection of our Mexican subsidiary, Operadora Cantabria, has commenced.

Finally, during the 2015 financial year, our Mexican subsidiaries (Codere Mexico, Operadora Cantabria and Operadora de Espectáculos Deportivos) have filed appeals with the competent Court, defending the arguments of the Group against the tax inspection reports in relation to the Company Tax for 2008 and Foreign Trade taxes in the case of Codere México, the Federal District State Taxes in the case of Operadora Cantabria and the IEPS (Production & Services Tax) in the case of Operadora de Espectáculos Deportivos.

How the control systems functioned: Established control mechanisms had identified potential risks and contingencies, allowing the correction mechanisms in the extent to which they were provided.

Indebtedness Risk:

Circumstances giving rise to the risk: Due to liquidity problems suffered by the Group during the year, and motivated by different factors, the Group has been in a deficit cash situation and could not meet the payment of coupons on bonds issued by the company nor the maturity of the senior SFA credit.

How the control systems functioned: On 23 September 2014, Codere, S.A., Codere Luxembourg Finance, S.A. and certain

companies of Codere Group signed a Lock-up agreement with the holders of approximately 96.45% of the Bonds in Euros and 97.47% of the Bonds in dollars. The implementation of the terms and conditions of the Lock-up guarantee the long-term viability of our business. The terms & conditions of this agreement were amended on 18 August 2015.

Subsequent to the signature of the Lock-up agreement on 23 September 2014, Codere decided to file a proceeding with the High Court of Justice of England and Wales called a "scheme of arrangement", provided for in the United Kingdom's Companies Act (the "Scheme"), the purpose of which was to obtain a favorable judicial ruling for implementing the Restructuring process. The approval of the Scheme by the competent British courts, as well as by the competent courts of New York, took place on 22 December 2015, as from which date the Scheme has been considered fully effective. The Financial Restructuring process is expected to finalize in the first half of 2016.

Moreover, the senior credit agreement is under a standstill agreement linked to the Lock-up Agreement.

Country risk:

Circumstances giving rise to the risk: Sociopolitical instability in Argentina has resulted in difficulties and restrictions in repatriating funds to Spain, as well as the impact of the devaluation of the Argentine currency against the euro.

How the control systems functioned: Once the restrictions were identified, the risk was managed through the institutional relation and the seeking of alternative financing sources.

E.6 Explain the response plans and supervision for all major risks of the company, including the tax risks.

At least once each year, at the start of the budget process, the managers responsible for each business unit and/or department identify and approve the main risks to which they are exposed and which could prevent the attainment of the strategic objectives set by the Group.

In addition, also on a yearly basis, the various business units prepare their own Risk Maps of the principal risks they face, assessing the likelihood of occurrence and the possible impact. These maps are consolidated and approved by the Audit Committee for submission to the Board of Directors.

Finally, the Tax Risk Map is also drawn up and reported to the Board of Directors.

On the basis of the information on risks received, the Board of Directors implements a range of measures of action designed to mitigate the impact in the event that any of the risks eventually materializes.

Moreover, depending on whether or not the risks actually materialize, or if other new risks appear or the likelihood or possible impact of the risks changes, the Internal Audit Plans will be amended in order to adapt to these risks.

F

INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS REGARDING THE FINANCIAL REPORTING PROCESS (FRICS)

Describe the mechanisms that comprise the risk management and control systems in relation to the financial reporting process (FRICS) in your company.

Company control environment

Report, noting the main features, on at least:

F.1.1. What organs and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective Financial Reporting Internal Control System (FRICS); (ii) its introduction; and (iii) its supervision?

(i) The Board of Directors is responsible for approving the Risk Control and Management Policy, as well as the periodical monitoring of the internal information and control system, as stated in article 7 of the Rules of Procedure of the Board of Directors.

(ii) The implementation and maintenance of the Financial Reporting Internal Control System is the responsibility of the Economic Financial Corporate Department, as well as of the Economic Financial Corporate Managements of the various Business Units. Likewise, the various General Managements are responsible for effective introduction in their area of activity.

(iii) The Audit Committee is responsible for supervising the Internal Control System. Among its functions, as Delegated

Committee of the Board of Directors, are the following:

- a. Supervise the process of drafting the Company and if applicable, Group, financial reporting and the completeness thereof, reviewing compliance with the regulatory requirements, proper delimitation of the consolidation perimeter and the correct application of accounting criteria.
- b. Periodically revise the internal control and risk management systems, in order that the principle risks, including the tax risks, may be adequately identified, managed and disclosed;
- c. Report, at least once a year, to the Board of Directors in regard to matters of risk control and any malfunctions detected, if applicable, in the internal audit reports or in the exercise of the above listed functions.

F.1.2. Indicate whether the following exist, especially in regard to financial reporting:

- Departments and/or mechanisms in charge of: (i) the design and review of organizational structure; (ii) clearly defining lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) seeing to it that sufficient procedures exist for their proper dissemination in the company.

The Company has an organizational structure that has developed the major lines of responsibility and authority in the various processes, for each business unit and for each significant geographical area of the Group. The Human Resource Departments and Operational departments participate in its design and revision. These lines of responsibility and authority are communicated at the required levels by means of different levels of formalization. Likewise, the Company has a clear and up-to-date policy of powers resulting in the maximum exponent of lines of authority.

The Board of Directors, at the proposal of the Company President, reserves for itself the power to appoint and eventually dismiss Senior Management, whereas the Corporate Governance Committee is responsible for reporting on the appointments and removals of the senior managers proposed by the chief executive to the Board, as well as for establishing the guidelines and supervising actions related to the appointment, selection, career development, promotion and dismissal of managers (in order for the company to have the highly qualified personnel it requires for its management).

- Code of Conduct, organ of approval, degree of dissemination, principles and values included (indicating whether specific mention is made of the recording of transactions and financial reporting) organ in charge of analyzing breaches and proposing corrective action and sanctions.

The Company has:

1. Internal Rules of Conduct in the securities market which determines the behavior criteria to be followed in securities market transactions, in order to contribute to their transparency and to the protection of investors (approved by the Board of Directors of Codere, S.A at its meeting held on 25 February 2010).

Paragraph 7.5, "Notifications, registering and filing of transactions", of the Internal Code of Conduct in the Securities Markets establishes that Codere's Financial Management will be responsible for making the official notifications of the transactions conducted with Codere SA's treasury shares, as required by current legislation, and must keep at all times a register and file of all of the purchase and sale transactions with Codere SA treasury shares, including the shares of the company purchased by its subsidiaries.

2. A Code of Ethics and Business Conduct which contains the principles of business ethics and transparency in all areas of action (approved by the Board of Directors of Codere, S.A at its meeting held on 27 January 2011). The Board of Directors is the organ in charge of approving and disseminating the Code of Ethics and the Security and Compliance Corporate Department is the area in charge of overseeing its compliance and of proposing corrective action and sanctions.

The Code of Ethics and Business Conduct has been disseminated and communicated throughout the Group.

Among the values contained in the Code of Ethics and Business Conduct can be found, among the values related to the Codere Group Environment (Section V of "The Codere Group Environment"), article 5.2 "Truthful, adequate and useful information", which describes how the Codere Group is to report on its policies and actions in a truthful, adequate, useful and congruent manner. Specifically, in relation to economic-financial information, said information, especially the Annual Accounts is to faithfully reflect the reality of the economic and financial situation as well as the net worth of the company in accordance with generally accepted accounting principles and the applicable international financial reporting standards. In this regard, no professional shall conceal or distort the information of the Codere Group accounting records and reports.

A lack of honesty in financial reporting is in violation of the Code of Ethics and Business Conduct, also considering the delivery of incorrect information, the incorrect organization of information or the intent to mislead those receiving it to be a lack of honesty.

- Whistleblower Channel, making it possible to communicate to the Audit Committee any financial and accounting irregularities, in addition to eventual breaches of the code of conduct and irregular activities in the organization, and informing whether said information is confidential.

Article 15.2.d) of the Rules of Procedure of the Board of Directors attributes jurisdiction to the Compliance Committee for establishing and supervising a mechanism which allows employees, customers, suppliers and other third parties with which contractual relations exist, to communicate confidentially and if it deems it appropriate, anonymously, any potentially significant irregularities, especially financial and accounting irregularities, which they may note within the company.

In application of the foregoing, the Company has a confidential whistleblower channel through an email address, ordinary mail and a toll-free telephone number. Said Whistleblower Channel has been disseminated to employees together with the Group Code of Ethics and Business Conduct.

The Whistleblower Channels were introduced in all of Codere's geographical areas under the common name of "Ethics Channels" using the same standards and manner of operation as that employed in the global corporate whistleblower channel. Said Channels, which are open to and confidential for Group own personnel as well as customers and suppliers or other third parties with which a commercial or business relation is maintained, are operated exclusively by local Compliance officials, permanently supervised by Corporate Compliance General Department.

The organ in charge of its management is the Security and Compliance Corporate Department, the Department in charge of analyzing confidentially all reports received, proposing corrective action and, if applicable, the pertinent sanctions and at all times informing the Compliance Committee for the performance of its oversight functions.

- Programs for periodical training and updating of personnel involved in preparing and revising financial information, and in the FRICS evaluation, which are to cover at least accounting standards, auditing, internal control and risk management.

Personnel involved in the preparation and review of financial information, as well as in the evaluation of ICFR, receive, according to their different responsibilities, regular training on accounting standards, auditing, and internal control.

According to the organizational structure of the Group, the departments directly related to these functions are Internal Audit and Finance.

F.2 Risk Assessment of the financial information

Report, at least:

F.2.1. What are the principal characteristics of the risk identification process, including those related to error or fraud, in regard to the following:

- . whether the process exists and is documented:

The Codere Group has an identification process for the principal risks that may affect the Group, including among all the identified typologies, specific financial reporting risks. The result of this process is a Risks Map containing the residual risks having the greatest impact and the greatest probability in the Codere Group. This map is updated annually, reviewed by the Audit Committee, and on proposal of the said Committee, approved by the Board of Directors.

For critical processes and significant companies, considering in addition that the processes in the different units or locations should be evaluated individually, there are risk and control matrixes where the critical processes are documented, with identification being made of the principal risks affecting said processes, as well as the key controls existing in order to mitigate the material risks having an impact on financial reporting.

- If the process covers all of the financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), if it is updated, and how often.

In the Financial Reporting Risk identification process, with an aim to guarantee the reliability and accuracy of the financial information, evaluation is made of the possible impact in the following categories:

- Existence and occurrence: Transactions, facts and all other events exist and have been recorded at the proper time

- Integrity: The reporting reflects all transactions, facts and all other events with respect to which the company is an affected party.

- Valuation: Recording and valuation are made of all transactions, facts and other events in accordance with the applicable regulations.

- Transaction Cut-off: Transactions are recorded in the proper period on an accrual basis.

- Presentation, disclosure and comparability: The transactions, facts and all other events are classified, presented and disclosed in the financial reporting in accordance with the applicable regulations

- Rights and obligations: The financial reporting reflects the rights and obligations at the corresponding date in accordance with the applicable regulations.

The objective is to determine the possibility that a given risk will occur and in such a case, its impact on the financial statements, in order that it will be possible to prioritize this and draw up a mitigation plan.

This is a process that makes it possible to improve the design and efficacy of the controls and to minimize the risks related to financial reporting. The process of identifying financial reporting risks is a process of periodic review and updating.

- The existence of a process for identifying the consolidation perimeter, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental or special-purpose entities.

The Company consolidation perimeter is clearly identified and is updated monthly, making it possible to know of all Codere Group subsidiaries, the effective ownership percentage, and the degree of influence in said subsidiaries.

Any changes in the Group structure are communicated monthly to all those taking part in the financial reporting process and who need to know of such changes.

- If the process takes into account the effects of other risk typologies (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they affect the financial statements.

The Codere Group Risk Control and Management General Policy includes the identification and definition of all of the types of risk faced by the Group and which have been deemed as important, comprised as follows:

- Corporate Governance Risks
- Operational and Loss of Income Risks.
- Regulatory and Institutional Relation Risks.
- Fiscal Risks
- Indebtedness Risk
- Country Risk
- Technological Risk

- What governance organ of the company supervises the process?

In the final instance, the Board of Directors, through the Audit Committee, in accordance with article 14 of the Rules of Procedure of the Board, is in charge of periodically revising the internal control and risk management systems including the tax risks, in order for the principal risks to be adequately identified, managed and disclosed.

The Audit Committee is in charge of managing the Control and Risk Management Policy in which at least the following will be identified: the various types of risks, measures foreseen to mitigate the impact of the identified risks, should they materialize, and the reporting and internal control systems which will be used to control and manage the foregoing, including contingent liabilities and off-balance sheet risks.

F.3 Control Activities

Report, noting the main features, if your company at least has:

- F.3.1. Procedures for the review and authorization of financial reporting, and the description of the FRICS, to be published in the securities markets, indicating those in charge, as well as documentation describing cash flows from activities and controls (including those related to fraud risk) for the different types of transactions which may materially affect the financial statements, including the year-end closing procedure and the specific review of relevant opinions, estimations, valuations and projections

The Company has procedures for the review and authorization of financial reporting to be published in the securities markets. Said procedures are in regard to:

- Procedures for review and authorization of the individual financial statements for each subsidiary of the Group.
- Procedures for review and authorization of the consolidated financial statements.
- Procedures for review and authorization of the information sent to the securities markets.
- For each significant process, there is descriptive documentation regarding the cash flows from activities carried out by the Economic Financial Department as well as by the rest of the areas participating in the financial reporting.

Said procedures for financial reporting review and authorization contain procedures regarding reviews of relevant opinions, estimations, valuations and projections forming part of the monthly closing procedure applied by the Codere Group.

F.3.2. Financial reporting internal control policies and procedures (among these, access security, control of changes, operation of changes, operational continuity, and segregation of functions) undergone by relevant processes of the entity in relation to the drafting and publication of the financial reporting.

The Company has guidelines and rules of action for managing information security. Said guidelines apply to the systems taking part in the generation of the financial reporting, and are in regard to the use of computer resources, access to user systems and management, the protection of networks, systems, databases and applications and the management of backup copies.

The Information Systems Department is in charge of defining and proposing security policies, except for the physical safety of the Data Processing Center that is the responsibility of the Security and Compliance Department.

F.3.3. Financial reporting internal control policies and procedures aimed at supervising the management of activities sub-contracted to third parties, as well as those aspects of evaluation, calculation or valuation entrusted to independent experts, which may materially affect the financial statements.

There are no relevant areas of activity subcontracted to third parties, which may affect the financial reporting; consequently, it has not been deemed necessary to draft a procedure for the selection of the activities carried out by them.

Nevertheless, in the case of outsourcing of some services related to financial reporting, the contract with the supplier establishes the levels of service supervised by the Information Systems Department.

F.4 Information and Communication:

Report, noting the main features, if your company at least has:

F.4.1. A specific function for defining and keeping accounting policies (area or department of accounting policies) up to date, and resolving any doubts or conflicts resulting from the interpretation thereof, maintaining fluent communication with those in charge of the transactions in the organization, as well as an accounting policy manual updated and communicated to the units through which the entity operates.

Within the Economic Financial Department there is a specific function responsible for resolving any doubts in regard to the interpretations of the regulation. There is an Accounting Policy Manual at the Group level applicable to all of the Business Units. This manual is periodically reviewed and updated.

F.4.2. Mechanisms for gathering and preparing the financial information using homogenous formats applied and used by all units of the entity or of the group, which form the basis for the principal financial statements and the notes, as well as the information detailed in regard to the FRICS.

The Company has homogeneous financial reporting information for all of the Group units that allows the Company to make complete monthly closings. Said reporting contains all the information required for drafting the principal financial statements and their corresponding notes. In addition, it should be pointed out that a large percentage of the financial information of the Group is integrated in the Corporate Information Systems.

F.5 Supervision of system operation:

Report, noting the main features, on at least:

F.5.1. ICFR monitoring activities conducted by the audit committee and whether the entity has an internal audit function whose competencies support the committee in its oversight of the internal control system, including ICFR. Also, report the scope of the assessment of ICFR in the year and the process by which the party responsible for implementing the evaluation reports its results, whether the entity has an action plan detailing any corrective measures, and whether it has considered its impact on financial reporting.

As provided in article 14 of the Rules of Procedure of the Board of Directors, the Audit Committee has among its functions the following:

- Supervise the internal audit services and monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-election and dismissal of the head of the internal audit service; propose the budget for said service; receive periodical information regarding its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
- Periodically revise the internal control and risk management systems, in order that the principle risks may be adequately identified, managed and disclosed;
- Supervise the process for the drafting, presentation and completeness of the financial reporting related to the Company and, if applicable, to the group, reviewing compliance with the regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of the accounting criteria.
- Report, at least once a year, to the Board of Directors in regard to matters of risk control and any malfunctions detected, if applicable, in the internal audit reports or in the exercise of the above listed functions.
- Once a year draft an annual report containing the activities carried out by the Committee

A. Internal Audit Function

The Codere Group has an Internal Audit Department that is directly under the Board of Directors through the Audit Committee, which supervises the internal audit services.

Among the Internal Audit Department functions is that of supervising the compliance, efficacy, and efficiency of the internal control systems, as well as the reliability and quality of the financial and operational information.

This Department is corporate and is present in all countries where the Group has a significant presence. Its entire personnel devote full time to this function, and do not engage in any functions other than those related to internal auditing.

The Audit Committee annually approves the audit plans presented by the Audit Department and, at least once a year, is informed of the result of the work carried out. In the exercise of its functions, the Audit Committee is periodically informed of the internal audit activities and verifies that Senior Management take into account the recommendations and conclusions of its reports.

B. Scope of evaluation of the Internal Control System with regard to Financial Reporting.

The Internal Audit Department, in executing its Annual Plan approved by the Audit Committee, carries out continual supervision of the internal control system of the Codere Group, in order to ensure the control of the reliability of the financial reporting and the operational procedures.

The Audit Department has a pluri-annual supervision plan approved by the Audit Committee. This Plan calls for the review of all critical business processes in all of the Group companies and geographical locations (including information systems) over a three-year period, with the exception of specific areas and processes, which, given their special relevance, are reviewed annually.

Likewise, a work plan has been designed to evaluate the operation and efficacy of the identified controls, which will allow it to serve as supervision of the entire Financial Reporting Internal Control System.

C. Communication of results and corrective measure action plans.

The Audit Committee is informed quarterly of the principal conclusions and recommendations manifested by the Internal Audit Committee in its reports, as well as of the action plans taken on with regard to corrective

measures. It is likewise informed of compliance with these action plans.

F.5.2. If the entity has a procedure for discussion by means of which the auditor (in conformity with that established in the NTA), the internal audit function and other experts are able to communicate to senior management and to the Audit Committee or entity directors the significant weaknesses of the internal control system identified during the annual account review processes or any other review processes entrusted to them. Likewise the entity will report whether it has an action plan which seeks to correct or mitigate the weaknesses noted.

The Audit Committee meets at least once every three months (prior to the publication of regulated information) in order to obtain and analyze the information necessary to discharge the duties entrusted to it. At said meetings the Group Annual and Half-yearly Accounts and the intermediate quarterly declarations are reviewed, as is all other information disclosed to the market.

These meetings are also attended by the Economic Financial Department (in charge of preparing the financial reporting) and the Internal Audit Department (with the periodical information on activities), as well as by the external auditor when said auditor is called upon to communicate the results of its work, in an aim to monitor the correct application of the accounting regulations in effect and the reliability of the financial reporting.

In any event, and at all times prior to year-end, the external auditor has a meeting with the Audit Committee at which the principal identified matters of interest and the aspects detected by the auditor at year-end are deliberated on.

On its part, the Group auditor has direct access to Group Senior Management, holding periodical meetings in order to obtain the information required to carry out its work as well as to communicate any control weaknesses detected during the course of its work. With respect to this latter aspect, on an annual basis the external auditor presents a report to the Audit Committee, which details the internal control weaknesses detected in its work. This report incorporates the comments of the Group Management and, if applicable, any action plans which have been put into practice in order to remedy the corresponding internal control weaknesses.

F.6 Other relevant information

The relevant information was provided in the preceding paragraphs.

F.7 Auditor's report:

F.7.1. If the FRICS sent to the markets has been subject to review by the external auditor, in which case the entity should include the corresponding report as an Annex. Otherwise, you should explain the reasons for this.

The Codere Group has not requested a specific report from external auditors on ICFR information sent to markets, in consideration of the fact that said auditors have already conducted a review of internal control, developed according to the technical auditing standards in the audit review process.

G

DEGREE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the degree of compliance by the company with the Recommendations of the Unified Code of Good Governance.

In the event that any recommendation is not followed or is partially followed, you should include a detailed explanation of the reasons so that shareholders, investors and the market in general have sufficient information to evaluate the performance of the company. General explanations are not acceptable.

1. That the Bylaws of the listed companies not limit the maximum number of votes which the same shareholder can cast, and not contain any other restrictions that would hinder taking control of the company through the acquisition of its shares on the market.

Complies X

Explain

2. That when both the parent company and a subsidiary are listed on the Stock Exchange, both publicly define with accuracy the following:

- a) The respective areas of activity and eventual business relations between the two, as well as those of the listed subsidiary with the other companies in the group.
- b) The mechanisms established to resolve any eventual conflict of interest that may arise.

Complies Complies Partially Explain Not Applicable X

3. That during the Regular General Meeting, the Chairman of the Board of Directors inform the shareholders orally in sufficient detail about the most significant aspects of the company's corporate governance, as a supplement to the written dissemination of the annual Corporate Governance Report and, in particular:

- a) About the changes occurring since the previous Regular General Meeting.
- b) About the specific reasons why the company has not followed one or more of the recommendations of the Corporate Governance Code and the alternative rules, if any, applied by the company in this regard.

Complies Complies Partially X Explain

At the Extraordinary General Meeting held on 27 April 2015, the Chairman informed the Shareholders about the changes made during the financial year in the Rules of Procedure of the Board, the appointment of the coordinating officer and the change in the composition of the Audit Committee.

4. That the company define and promote a policy of communication and contacts with shareholders, institutional investors and voting advisors that fully respects the rules against market abuse and gives similar treatment to shareholders who are in the same position.

And that the company make such policy public through its website, including information with respect to the way in which the policy has been put into practice and identifying the contact persons or the persons in charge of implementing it.

Complies Complies Partially X Explain

Although at the present time the company has not approved an explicit policy of communication and contacts with shareholders, it has developed a line of communication with them that complies with all of the rules against market abuse and promotes the same treatment for all of the shareholders. This line of communication encompasses a number of channels such as public telephone calls to which any shareholder may connect (the connection details of which are previously published on the company's website, in addition to being sent to the investors on our distribution list), together with communications with both institutional as well as private shareholders by telephone or the e-mail address designated for this purpose, inversor@codere.com, which can be found on the website. Similarly, the presentations used at meetings with investors and all of the public material shared with any individual investors are published through the channel provided on the company's website.

Although there is no specific policy of communication with shareholders on our corporate website, both the means (e-mail or telephone number) for communicating with the Investor Relations department, as well as the department identified as the contact, together with all of the company's public financial information (Results, Significant Events, presentations, guidance), are included on the website. In the same way, the Electronic Shareholder Forum is made available to the shareholders to enable them to exercise their rights as shareholders and to raise any questions with the company they may wish, prior to the General Meetings of Shareholders. In addition, the corporate website includes a link to information on "Corporate Governance" that provides a range of documents on this subject, such as the texts of the Bylaws, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the General Meeting of Shareholders, the Code of Ethics and Conduct, the Internal Code of Conduct in the Securities Markets, information on each and every one of the General Meetings of Shareholders and the composition of the various Board committees.

5. That the Board of Directors not bring before the General Meeting a proposal for the delegation of powers for issuing shares or convertible securities excluding the pre-emptive subscription right, for an amount in excess of 20% of the share capital at the time of the delegation.

And when the Board of Directors approves an issue of shares or convertible securities excluding the pre-emptive subscription right, that the company immediately publish on its website the

reports on such exclusion required by the relevant business legislation.

Complies X

Complies Partially

Explain

6. That the listed companies that prepare the reports mentioned below, either on a mandatory or a voluntary basis, publish them on their website sufficiently in advance of the date scheduled for the Regular General Meeting, even though the dissemination of such reports is not mandatory:
- a) Report on the independence of the auditor.
 - b) Reports on the operation of the Audit and the Appointments and Compensation Committees.
 - c) Report by the Audit Committee on related transactions.
 - d) Report on the corporate social responsibility policy.

Complies

Complies Partially X

Explain

On the occasion of the Regular General Meeting of Shareholders held on 25 June 2015, the company published the Annual Activities Reports of the Audit, Corporate Governance (appointments and compensation) and Compliance Committees on its corporate website at the time of the notice of the call for the Meeting. For the current financial year, plans are in place for also publishing the report on the independence of the auditor issued annually by the Audit Committee. The company is in the process of drawing up a Corporate Social Responsibility Policy that will systematize the activities that the company and its Group have already been carrying out directly or through the Codere Foundation.

7. That the Company broadcast the General Meetings of Shareholders live through its website:

Complies

Explain X

The percentage of shareholders present in person or by proxy at the General Meetings held in the last two financial years has ranged between a minimum of 69.64% and a maximum of 76.78%, with an average attendance in these financial years of 74.14%.

The company considers that, given its size, its economic and financial capacity and the high attendance of its shareholders at the General Meetings, the broadcasting of the General Meetings through its website is not necessary.

8. That the Audit Committee ensure that the Board of Directors seeks to present the annual accounts to the General Meeting without reservations or qualified opinions in the audit report and that, in the exceptional cases where a qualified opinion exists, both the Chairman of the Audit Committee as well as the auditors clearly explain to the shareholders the content and scope of such reservations or qualified opinions.

Complies X

Complies Partially

Explain

9. That the Company publish on its website, and on a permanent basis, the requirements and procedures that it will accept for providing evidence of the ownership of shares, the right of attendance at the General Meeting and the exercise of voting rights in person or by proxy.

And that such requirements and procedures be conducive to attendance by the shareholders and the exercise of their rights and be applied in a non-discriminatory manner.

Complies X

Complies Partially

Explain

10. That when an eligible shareholder has exercised the right to add to the agenda or to submit additional proposals for resolutions, prior to the holding of a General Meeting, the company must:

- a) Disseminate such supplementary points and new proposals for resolutions immediately.
- b) Publish the format for the attendance card or proxy vote or distance vote forms with the changes necessary to enable voting on the new items on the agenda and alternative proposals for resolutions in the same terms as those proposed by the Board of Directors.

- c) Submit all of those items or alternative proposals to a vote and apply to them the same voting rules as those made by the Board of Directors including, in particular, the presumptions or deductions as to whether the vote is affirmative or negative.
- d) Subsequent to the General Meeting, communicate the breakdown of the voting on such supplementary items or alternative proposals.

Complies Complies Partially Explain Not Applicable X

11. That, if the company plans to pay fees for attendance at a General Meeting, it should establish a general policy on such fees in advance of the Meeting, and such policy should be stable.

Complies Complies Partially Explain Not Applicable X

12. That, the Board of Directors discharge its duties with a unity of purpose and independence of judgment, give the same treatment to all shareholders in the same position and be guided by the corporate interest, understanding as such the achievement of a profitable and sustainable business in the long term that furthers the continuity and the maximization of the economic value of the company.

And that, in the pursuit of the corporate interest, in addition to respect for the law and rules and regulations and to conduct based on good faith, ethics and respect for the generally accepted customs and best practices, the Board seek to reconcile the company's interests with the legitimate interests of its employees, its suppliers, its customers and those of rest of its stakeholders who may be affected, as well as the impact of the company's operations on the community overall and on the environment.

Complies X Complies Partially Explain

13. That the Board of Directors be of a size necessary for operating effectively and in a participative manner, which makes it advisable for it to have between five and fifteen members.

Complies X Explain

14. That the Board of Directors approve a policy for the selection of directors that:

- a) Is specific and verifiable.
- b) Ensures that the proposals for appointment or reelection are based on a prior analysis of the needs of the Board of Directors.
- c) Favors the diversity of knowledge, experience and gender.

That the result of the prior analysis of the needs of the Board of Directors be set out in a reasoned report by the Appointments Committee to be published at the time of the call for the General Meeting of Shareholders to which the ratification, appointment or reelection of each director is to be submitted for approval.

And that the policy for the selection of directors furthers the objective that by 2020 the number of women directors will account for at least 30% of the total number of members of the Board of Directors.

The Appointments Committee will verify compliance with the policy for the selection of directors on a yearly basis, and this will be reported in the annual Corporate Governance Report.

Complies Complies Partially Explain X

The Board of Directors hasn't approved yet a Directors Selection Policy. Notwithstanding, the Corporate Governance Committee has drawn up an action plan for 2016 (informed to the Board) to evaluate the competences, knowledge and experience required of the Board and, consequently, to define the necessary duties and skills for any candidates to each vacancy and to evaluate the time and dedication required to adequately exercise its tasks.

15. That the nominee and independent directors comprise an ample majority of the Board of Directors and that the number of executive directors be the minimum necessary, taking into account the complexity of the corporate group and the percentage of interest held by the executive directors in the company's capital.

Complies X

Complies Partially

Explain

16. That the percentage of nominee directors on the total number of non-executive directors not exceed the proportion existing between the capital of the company represented by such directors and the rest of the capital:

This principle may be attenuated:

- a) In companies with high capitalization in which the stakes that legally have the status of significant shareholdings are few in number.
- b) When companies are concerned in which there is a plurality of shareholders represented on the Board of Directors and there are no ties between them.

Complies X

Explain

17. That the number of independent directors account for at least half of the total number of directors.

That, however, when the company is not one of high capitalization or when, even if it is, it has one shareholder, or several shareholders acting concertedly, controlling more than 30% of the share capital, the number of independent directors should account for at least one-third of the total number of directors.

Complies

Explain X

The percentage of independent directors on the Board was 20% at the end of 2015.

Nevertheless, the new structure of the Board (a consequence of the financial restructuring process in which the company is involved), which is expected to take up its duties in the first half of 2016, will be composed by one-third of independent directors and, therefore, will comply with this recommendation.

18. That the companies publish the following information on their directors on their website and keep such information updated:

- a) Professional profile and biography.
- b) Other boards of directors to which they belong, whether listed or unlisted companies are involved, as well as any other paid activities in which they may be engaged, regardless of the nature thereof.
- c) Indication of the category of directorship to which they belong, noting, in the case of nominee directors, the shareholder they represent or with whom they are connected.
- d) Date of their first appointment as a director in the company, as well as of subsequent reelections.
- e) Company shares and stock options held by them.

Complies X

Complies Partially

Explain

19. That an explanation be given in the annual Corporate Governance Report, following verification by the Appointments Committee, of the reasons why nominee directors have been appointed at

the request of shareholders whose shareholding is less than 3% of the capital; and set out the reasons for the refusal of formal requests for a presence on the board by shareholders whose shareholding is equal to or greater than that of others at whose request nominee directors were appointed.

Complies Complies Partially Explain Not Applicable X

20. That the nominee directors submit their resignation when the shareholder they represent transfers its shareholding in full. And that they also do so in proportion to the relevant number, whenever such shareholder reduces its shareholding to a level that requires a reduction in the number of its nominee directors.

Complies Complies Partially Explain Not Applicable X

21. That the Board of Directors not propose the removal of an independent director prior to the completion of the statutory period for which such director was appointed, except in cases of just cause, as concluded by the Board of Directors following a report by the Appointments Committee. In particular, just cause shall be understood to exist whenever a director goes on to hold additional offices or takes on additional obligations that prevent him or her from devoting the time necessary to the discharge of the duties of the office of director, fails to fulfill the duties inherent to the office or is liable to any of the circumstance that would determine the loss of independent status in accordance with the applicable legislation.

The removal of independent directors may also be proposed as a consequence of takeover bids, mergers or other similar corporate transactions that would involve a change in the company's capital structure, whenever such changes in the structure of the Board of Directors are based on the principle of proportionality indicated in recommendation 16.

Complies X Explain

22. That the companies establish rules making it compulsory for the directors to report and, as appropriate, resign in those situations that could prejudice the good name and reputation of the company and, in particular, make it compulsory for them to report to the Board of Directors any criminal cases in which they appear as investigated parties, as well as the subsequent procedural vicissitudes of such cases.

And that if a director is indicted or stands trial for any of the offenses contained in corporate legislation, the Board of Directors must examine the case as soon as possible and, in view of the specific circumstances of the case, decide whether it is appropriate or not for the director to remain in office. And that the Board of Directors include a reasoned report on the foregoing in the annual Corporate Governance Report.

Complies X Complies Partially Explain

23. That all of the directors clearly express their opposition whenever they consider that a proposed decision submitted for approval to the Board of Directors could be contrary to the company's interest. And that, in particular, the independent directors and other director not affected by the potential conflict of interest do likewise, whenever decisions are involved that could prejudice the shareholders not represented on the Board of Directors.

And that whenever the Board of Directors adopts significant or repeated decisions with respect to which a director has expressed serious reservations, such director should arrive at the appropriate conclusions and, if he or she chooses to step down, explain the reasons why in the letter to which reference is made in the following recommendation.

This recommendation also extends to the Secretary of the Board of Directors, even when the Secretary does not have director status.

Complies X Complies Partially Explain Not Applicable

24. That whenever, either in the case of resignation or for any other reason, a director leaves office prior to the end of his or her term, such director should explain the reasons why in a letter to be sent to all of the members of the Board of Directors. And, without prejudice to the fact that the director's leaving office may be reported as a significant event, the reason for the director's leaving office must be included in the annual Corporate Governance Report..

Complies Complies Partially Explain Not Applicable X

25. That the Appointments Committee ensure that the non-executive directors have sufficient availability of time for the proper discharge of their duties.

And that the Rules of Procedure of the Board establish the maximum number of boards of directors to which its members may belong.

Complies X Complies Partially Explain

26. That the Board of Directors meet as often as necessary in order to discharge its duties effectively and at least eight times per year, in accordance with the schedule of dates and matters to be addressed established at the start of the financial year. Each director may also propose other items to be included on the agenda not initially planned.

Complies Complies Partially X Explain

The Board of Directors meets more than eight times per year and generally tries to follow the timetable approved at the beginning of each financial year, although the restructuring process carried out in the last two years has led to the holding of meetings not initially planned.

In addition, this situation has made it difficult to establish a schedule of matters to be addressed during the year.

27. That the absences of directors be reduced to cases where non-attendance is absolutely necessary and that absences be quantified in the annual Corporate Governance Report. And that, whenever an absence is necessary, a proxy should be granted with instructions.

Complies Complies Partially X Explain

The percentage of absences of directors in the course of the financial year is very low, although in the cases where absences have occurred, no proxy was granted with instructions by the directors not in attendance.

28. That whenever the directors or the Secretary express their concern about a particular proposal or, in the case of the directors, on the progress of the company, and such concerns are not resolved at the meeting of the Board of Directors, a record should be made of such concerns in the minutes, at the request of the persons who raised them.

Complies X Complies Partially Explain Not Applicable

29. That the company establish appropriate channels to enable the directors to obtain the consultancy necessary for the proper discharge of their duties including, if so required under the circumstances, external consultancy to be paid for by the company.

Complies X Complies Partially Explain

30. That, independently of the knowledge required of the directors for the exercise of their duties, companies should also offer their directors knowledge updating programs, whenever the prevailing circumstances render such programs advisable.

31. That the agenda for meetings indicate clearly those items on which the Board of Directors must adopt a decision or resolution for which it would be appropriate for the directors to examine or request -prior to the meeting- the information necessary for reaching a decision.

Whenever, on an exceptional basis, for reasons of urgency, the Chairman wishes to submit to the approval of the Board decisions or resolutions not included on the agenda, the prior express consent of the majority of the directors present must be obtained. A record of this procedure must be duly made in the minutes.

Complies

Complies Partially X

Explain

Although it is true that the items of an informative nature on the agenda are not distinguished from those other points on which a decision or resolution must be adopted, the agenda does in fact tend to be worded in a sufficiently clear manner and is accompanied by sufficient documentation so as to enable the directors to know what matters are going to be submitted to a vote.

32. That the directors be regularly informed of the movements in the shareholder composition and of the opinion of the significant shareholders, investors and credit rating agencies with respect to the company and its group.

Complies

Complies Partially

Explain X

Since 2013, there have been no movements in the shareholder composition or any communications whatsoever with respect to significant shareholders.

Moreover, since 2014, there have been no changes in the ratings given by the agencies with respect to the company and its group. Consequently, during the 2015 financial year, there was no scope for informing the directors about these points.

33. That the Chairman, as the officer responsible for the efficient functioning of the Board of Directors, in addition to performing the legal and statutory duties attributed to the office, prepare and submit to the Board a schedule of dates and matters to be dealt with; organize and coordinate the regular assessment of the Board, as well as, that of the chief executive of the company, if such office exists; be responsible for the management of the Board and of the effectiveness of its operation; ensure that sufficient discussion time is devoted to the strategic issues, and arrange and review the knowledge updating programs for each director, whenever advisable under the circumstances.

Complies

Complies Partially X

Explain

Although the Chairman presents and submits a timetable to the Board of Directors for the following financial year, the difficult situation faced by the company during the last two years has made it impossible to carry out the necessary planning and much less to establish a schedule of matters to be addressed.

The organization and coordination of the regular assessments of the Board and of the chief executive of the company is carried out through the coordinating officer and the Chairman of the Corporate Governance Committee.

34. That whenever there is a coordinating officer, the Bylaws or the Rules of Procedure of the Board of Directors, in addition to the powers legally pertaining to the coordinator, he or she is attributed the following: chair the Board of Directors in the absence of the Chairman and of the Vice Chairmen, if any, convey the concerns of the non-executive directors; maintain contacts with investors and shareholders to learn their points of view for the purpose of forming an opinion about their concerns, particularly in relation to the company's corporate governance; and coordinate the plan for the succession of the Chairman.

Complies

Complies Partially

Explain X

Not Applicable

The coordinating officer holds the powers legally pertaining to him or her under the Rules of Procedure of the Board. As we have mentioned in other sections, due to the fact that in 2015 the company was involved in a financial restructuring process, with

implications on the level of the composition of the Board, has meant that the company has not adopted resolutions beyond those aimed at complying with the legal requirements, awaiting the time when the new management body would adopt the resolutions it considers most advisable in view of the new situation of the company.

35. That the secretary of the Board of Directors exercise particular oversight of the Board to ensure that, in the Board's actions and decisions, it keeps in mind the recommendations on good governance contained in this Code of Good Governance which are applicable to the company.

Complies X

Explain

36. That the plenum of the Board of Directors assess once each year and adopt, if appropriate, an action plan to remedy the deficiencies detected with respect to:
- a) The quality and efficiency of the functioning of the Board of Directors.
 - b) The functioning and composition of its Committees.
 - c) The diversity of the composition and competencies of the Board of Directors.
 - d) The performance of the Chairman of the Board of Directors and of the company's chief executive.
 - e) The performance and contribution of each director, giving particular attention to those responsible for the various Board Committees.

For the performance of the assessment of the Committees, the report made by them to the Board of Directors should be used as the starting point and, for the assessment of the Board, the starting point should be the report submitted to it by the Appointments Committee.

Every three years, the Board of Directors must be assisted in the performance of the assessment by an external consultant, whose independence must be verified by the Appointments Committee.

The business relations that the consultant or any company in its group maintains with the company or any company in its group must be broken down in the annual Corporate Governance Report.

The process and the areas evaluated are to be described in the annual Corporate Governance Report.

Complies

Complies Partially X

Explain

No external consultant has been used for the performance of this annual assessment.

The process for its performance is carried out by sending a questionnaire to each of the directors, to be completed and returned anonymously, with respect to the deficiencies detected in points connected with the issues indicated in letters a, b, d and e.

In terms of the quality and efficiency of the functioning of the Board of Directors, the directors must reply to 13 questions; with respect to the functioning and the composition of the Board Committees, the directors must reply to 4 questions; on the performance of the Chairman and chief executive, the directors must reply to 8 questions; and on the performance and contribution of each director, the directors must reply to 7 questions.

In addition, the questionnaire also includes a section with 4 questions that must be answered in relation to the performance of the Secretary of the Board, as well as two questions (included in the areas of the functioning of the Board and its Committees) in relation to the diversity and suitability of the composition of the Board and its Committees.

37. That, if there is an executive committee, the structure of participation by the different categories of directors should be similar to that of the Board of Directors itself, and the position of secretary of the committee should be held by the secretary of the Board.

Complies

Complies Partially

Explain

Not Applicable X

38. That the Board of Directors should always be made aware of the matters discussed and of the decisions adopted by the executive committee and that all of the members of the Board should receive a copy of the minutes of the meetings of the executive committee.

Complies Complies Partially Explain Not Applicable X

39. That the members of the Audit Committee and, particularly, its Chairman, be appointed by taking into account their knowledge and experience in the field of accounting, auditing or risk management, and that the majority of such members be independent directors.

Complies Complies Partially X Explain

Of the five members comprising the Audit Committee, only the two legally required have the status of independent directors. With the current composition of the Board, it is impossible to include additional directors, since the company only has two independent directors.

40. That, under the supervision of the Audit Committee, a unit be arranged to assume the internal audit function, oversee the proper operation of the information and internal control systems and depend functionally on the non-executive Chairman of the Board or the Chairman of the Audit Committee.

Complies X Complies Partially Explain

41. That the person responsible for the unit that takes up the internal audit function submit to the Audit Committee the unit's annual work plan, report directly on any incidents arising in the implementation of the plan and submit an activity report at the end of each financial year.

Complies X Complies Partially Explain Not Applicable

42. That, in addition to the duties stipulated in the law, the Audit Committee should perform the following functions:

1. In relation to the information and internal control systems:

- a) Supervise the preparation process and the integrity of the financial information relating to the company and, if applicable, to the group, reviewing compliance with the regulatory requirements, the adequate delimitation of the scope of consolidation and the proper application of the accounting principles.
- b) Oversee the independence of the unit that takes up the internal audit function, propose the selection, appointment, reelection and removal of the person responsible for the internal audit service; propose the budget for this service, approve the orientation and work plans, ensuring that its activity is focused mainly on the company's significant risks; receive regular reporting by the unit on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
- c) Establish and supervise a mechanism that will enable the employees to report confidentially and, if possible and considered appropriate, anonymously, any potentially significant irregularities, particularly financial and accounting irregularities, which they may detect within the company.

2. In relation to the external auditor:

- a) In the event that the external auditor decides not to continue, examine the circumstances leading to such decision.
- b) Ensure that the remuneration of the external auditor for the audit work does not compromise the auditor's quality or independence.
- c) Supervise to ensure that the company reports the change of auditor to the CNMV as a

significant event and attach a statement on possible existence of disagreements with the outgoing auditor and, if any did exist, the content thereof.

- d) Ensure that the external auditor holds a yearly meeting with the plenum of the Board of Directors to inform about the work performed and the evolution of the accounting situation and of the company's risks.
- e) Ensure that the company and the external auditor abide by the current rules on the provision of services other than audit services, the limits to the concentration of the auditor's business and, in general, all other rules and regulations on the independence of the auditors.

Complies

Complies Partially X

Explain

In relation to the establishment and supervision of a mechanism to enable the employees to report confidentially and, if possible and considered appropriate, anonymously, any potentially significant irregularities, especially financial and accounting irregularities, which they may detect within the company, this function is entrusted in Codere S.A. to the Compliance Committee (art. 15 of the Rules of Procedure of the Board of Directors).

According to the Rules of Procedure of the Board of Directors of Codere S.A., the functions of the Audit Committee do not include the duty of ensuring that the external auditor holds a yearly meeting with the plenum of the Board to inform about the work performed and the status of the accounting situation and the company's risks. Notwithstanding the foregoing, on each of the occasions when the external auditor appears before the Audit Committee, the Chairman of the Committee informs the Board of Directors about its conclusions during the forthcoming meeting of the Board.

43. That the Audit Committee may call upon any employee or manager of the company to appear before it and even determine that they must appear without the presence of any other manager.

Complies X

Complies Partially

Explain

44. That the Audit Committee be informed about the transactions for structural and corporate changes planned by the company to enable it to prepare a preliminary report for the Board of Directors concerning the economic conditions and the accounting impact of such changes and, particularly, when applicable, on the swap equation proposed.

Complies X

Complies Partially

Explain

Not Applicable

45. That the risk control and management policy identify at least:

- a) The different types of risk, both financial and non-financial (the operating, technological, legal, social, environmental, political and reputational risks, among others), to which the company is exposed, including among the financial or economic risks, the contingent liabilities and other off-balance-sheet risks.
- b) The determination of the level of risk that the company considers acceptable.
- c) The measures planned for mitigating the impact of the risks identified, in the event that they eventually materialize.
- d) The information and internal control systems to be used for controlling and managing such risks, including the contingent liabilities or off-balance-sheet risks.

Complies X

Complies Partially

Explain

46. That under the direct supervision of the Audit Committee or, as the case may be, of a specialized committee of the Board of Directors, there be an internal risk control and management function performed by a unit or internal department of the company which is expressly entrusted with the following duties:

- a) Ensure the proper operation of the risk control and management systems and, in particular, that all of the major risks affecting the company are adequately identified managed and quantified.
- b) Participate actively in the drawing-up of the risk strategy and in the important decisions on risk management.
- c) Exercise oversight to ensure that the risk control and management systems adequately mitigate the risks in the framework of the policy defined by the Board of Directors.

Complies X

Complies Partially

Explain

47. That the members of the Appointments and Compensation Committee –or of the Appointments Committee and the Compensation Committee, if separate- be appointed by considering the extent to which they have the knowledge, skills and experience necessary for the discharge of the duties they are destined to undertake and that the majority of such members be independent directors.

Complies

Complies Partially

Explain X

The Corporate Governance Committee only has one independent director among its members. With the entry into force of Act 31/2014, amending the Companies Act, for the improvement of corporate governance, two of the members of the Committee, who had the status of independent directors, lost that status on account of having served as directors for more than 12 years. The company, considering the restructuring process in which it was involved, decided not to address changes in the composition of the Committee, since it envisioned that the composition of the Board would be changed during the 2015 financial year and it expected to adapt the composition of the Committee at that time. However, unforeseen delays in the restructuring process have meant that 2015 concluded without the introduction of changes in the structure of the Board and, therefore, without the adaptation of the composition of the Committee, which is planned for the first half of 2016.

48. That companies with high capitalization have separate appointments and compensation committees.

Complies

Explain

Not Applicable X

49. That the Appointments Committee consult the Chairman of the Board of Directors and the company's chief executive, particularly when issues relating to the executive directors are involved.

And that any of the directors may request the Appointments Committee to take into consideration potential candidates for filling directorship vacancies in the event that the Committee may find them suitable.

Complies X

Complies Partially

Explain

50. That the Appointments Committee perform its functions independently and that, in addition to the functions attributed to it by the law, the Committee be entrusted with the following duties:

- a) Propose to the Board of Directors the basic terms & conditions of the contracts with senior management staff.
- b) Verify observance of the remuneration policy established by the company.
- c) Review on a regular basis the compensation and remuneration policy applied to the directors and senior managers, including the remuneration schemes through shares and the application thereof, as well as guarantee that their individual remuneration is in proportion to that paid to the rest of the directors and senior managers of the company.
- d) Exercise oversight to ensure that possible conflicts of interest will not prejudice the independence of the external consultancy provided to the Committee.

- e) Verify the information on the compensation of the directors and the remuneration of senior managers in the various corporate documents, including the annual report on the compensation received by the directors.

Complies

Complies Partially X

Explain

Although the Corporate Governance Committee does not have some of the functions indicated here attributed expressly to it, the fact is that in practice the Committee deals with these matters.

51. That the Compensation Committee consult the Chairman and the company's chief executive, particularly when issues relating to the executive directors and senior managers are involved.

Complies X

Complies Partially

Explain

52. That the rules determining the composition and functioning of the supervision and control committees appear in the Rules of Procedure of the Board of Directors and that they be consistent with those applicable to the legally mandatory committees in accordance with the preceding recommendations, including:

- a) That they be composed exclusively by non-executive directors, with a majority of independent directors.
- b) That their Chairmen be independent directors.
- c) That the Board of Directors appoint the members of the committees by keeping in mind the knowledge, skills and experience of the directors and the tasks entrusted to each committee, deliberate on their proposals and reports, and that the committees report on their activity and account for the work performed at the first plenum of the Board subsequent to their meetings.
- d) That the committees be able to seek external consultancy whenever they consider it necessary for the discharge of their duties.
- e) That minutes of their meetings be prepared, and that such minutes be made available to all of the directors.

Complies

Complies Partially

Explain

Not Applicable X

53. That the supervision of the observance of the rules of Corporate Governance, of the internal codes of conduct and of the corporate social responsibility policy be attributed to a single committee or be distributed among several Board committees, such as the audit, the appointments, the corporate social responsibility committee, if there is one, or a specialized committee which the Board of Directors, in the exercise of its powers of self-organization, may decide to create for this purpose, to which the following minimum functions are specifically attributed:

- a) The supervision of compliance with the company's internal codes of conduct and corporate governance rules.
- b) The supervision of the company's communication strategy and relations with shareholders and investors, including the small and medium-sized shareholders.
- c) The assessment on a regular basis of the suitability of the company's corporate governance system, for the purpose of having it fulfill its mission of promoting the company's interest and take into account, as appropriate, the legitimate interests of the rest of the stakeholders.
- d) The review of the company's corporate responsibility policy, ensuring that it is geared to value creation.
- e) The monitoring of the strategy and practices of corporate social responsibility and an evaluation of the degree of compliance.

- f) The supervision and assessment of the processes of relations with the various stakeholder groups.
- g) The assessment of all aspects associated with the company's non-financial risks –including the operating, technological, legal, social, environmental, political and reputational risks.
- h) The coordination of the process for the reporting of the non-financial information and on diversity, in accordance with the applicable regulations and the relevant international standards.

Complies

Complies Partially X

Explain

The Company has entrusted the Corporate Governance Committee with the functions described in letter a) and the Audit Committee with the functions contained in letter g).

The duties set out in the rest of the letters are not expressly attributed to any of the Committees set up by the Board of Directors.

54. That the corporate social responsibility policy include the principles or commitments which the company voluntarily assumes in its relations with the various stakeholder groups and identify at least:

- a) The objectives of the corporate social responsibility policy and the development of instruments of support.
- b) The corporate strategy relating to sustainability, the environment and social issues.
- c) The specific practices in the context of issues in relation to: shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conduct.
- d) The methods or systems for monitoring the results of the application of the specific practices indicated in the preceding letter, the associated risks and the management thereof.
- e) The mechanisms for the supervision of non-financial risks, ethics and business conduct.
- f) The channels of communication, participation and dialog with stakeholders.
- g) The practices of responsible communication to prevent the manipulation of information and to protect the integrity and good name of the stakeholders.

Complies

Complies Partially

Explain X

The Rules of Procedure of the Board of Directors establish the approval of the corporate social responsibility policy as belonging to the exclusive competence of the Board. During the 2015 financial year, the Corporate Governance Committee commenced the work necessary for proposing a Corporate Social Responsibility Policy to the Board that takes in and systematizes all of the activities which the company and its group have already been carrying out in this scope, either directly or through the Codere Foundation, although to date, such work has not been concluded and, therefore, a proposal has not been brought before the Board of Directors for approval.

55. That the company report on the matters associated with corporate social responsibility in a separate document or within the management report, using any of the internationally accepted methodologies for this purpose.

Complies

Complies Partially

Explain X

Given that the company has not yet defined its Corporate Social Responsibility Policy, no annual report has been prepared in this regard.

56. That the compensation of the directors be on a level capable of attracting and retaining directors with the desired profile and for rewarding the dedication, qualification and responsibility demanded by the office, but not so high as to compromise the independence of judgment of the non-executive directors.

57. That the variable compensation tied to the returns obtained by the company and to personal performance be circumscribed to the executive directors, as well as the remuneration through shares, stock options or rights on shares or instruments referenced to the share price, as well as long-term savings schemes such as pension plans, retirement schemes or other schemes of a similar nature.

The handover of shares as compensation for the non-executive directors may be considered if this is conditioned to the requirement that such shares must be held up to the time when the directors leave office. The foregoing will not apply to the shares which a director may have to sell, if such is the case, in order to meet the costs associated with their acquisition.

Complies

Complies Partially

Explain X

The executive directors receive no kind of variable compensation whatsoever, tied to the returns obtained by the company or to their own personal performance.

58. That in the event of variable compensation, the remuneration policies should include the limits and the technical precautions necessary to ensure that such remunerations are in line with the professional performance of their beneficiaries and do not derive solely from the general performance of the markets or of the company's business sector or other similar circumstances.

And, in particular, that the variable components of the compensation:

- a) Be tied to performance criteria that are predetermined and measurable and that such criteria take into consideration the risk assumed for the attainment of an outcome.
- b) Promote the sustainability of the company and include non-financial criteria which are appropriate for the creation of value in the long term, as well as compliance with the rules and the internal procedures of the company and its risk control and management policies.
- c) Be developed on the basis of a balance between the attainment of objectives in the short, medium and long term that will make it possible to remunerate output through continuing performance during a sufficient period of time in order to evidence sustainable value creation, so that the elements for the measurement of such output do not revolve solely around once-off, occasional or extraordinary events.

Complies

Complies Partially

Explain

Not Applicable X

59. That the payment of a significant portion of the variable components of the compensation be deferred for a minimum period of time, sufficient to enable verification that the performance conditions previously established have been met.

Complies

Complies Partially

Explain

Not Applicable X

60. That the compensation tied to the company's results take into account the possible qualified opinions that may appear in the external auditor's report and reduce such results.

Complies

Complies Partially

Explain

Not Applicable X

61. That a significant percentage of the variable compensation of the executive directors be tied to the handover of shares or of financial instruments referenced to the share price.

Complies Complies Partially Explain Not Applicable X

62. That, once the shares or the stock options or rights on shares corresponding to the remuneration schemes have been allocated, the directors may not transfer the ownership of a number of shares equivalent to twice their annual fixed compensation, nor may they exercise the stock options or rights until a period of at least three years has transpired since their allocation.

The foregoing will not apply to the shares which the director may have to sell, if such is the case, in order to meet the costs associated with their acquisition.

Complies Complies Partially Explain Not Applicable X

63. That the contractual agreements include a clause that will enable the company to claim the reimbursement of the variable components of the compensation, whenever the payment has not been in line with the performance conditions or whenever such components have been paid on the basis of information found to be inaccurate at a later date.

Complies Complies Partially Explain Not Applicable X

64. That the payments arising from the termination of the contract not exceed an established amount equivalent to two years of the total annual compensation and that such amount not be paid until the company has been able to verify that the director has met the previously established performance criteria.

Complies Complies Partially Explain Not Applicable X

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OTHER INFORMATION OF INTEREST

1. If you consider that there is any principle or relevant aspect regarding the corporate governance practices applied by your company which has not been dealt with in the present Report, but that more complete and reasoned information is necessary regarding the structure and governance practices of your company and/or group, mention this below and briefly explain what it consists of.

2. Any information, clarification or nuance related to the preceding sections of this report may also be included in this section.

Specifically, indicate whether or not the company is subject to any legislation other than Spanish legislation in matters of corporate governance and, if applicable, include any information which it is required to provide which differs from the information called for in this report.

3. The company may also indicate whether voluntarily acceded to other ethical principles or codes of good practice, international, sectoral or other authorities. In such a case, the code in question and the date of application should be identified.

increase was approved in the amount of four hundred and ninety-four million nine hundred and thirty-five thousand six hundred and eighteen euros and twenty cents (494,935,618.20.-€), which was paid in through the offsetting of loans, the completion of which is pending fulfillment of certain resolutive conditions relating to the implementation of the restructuring process. The increase is expected to take place in the first half of 2016.

Regarding sub-paragraph A.3., it should be noted that in the context of a reorganization of family wealth, on 22 December 2014 Ms. Encarnación Martínez Sampedro acquired shares in Mabloem Ontwikkeling BV (sole shareholder of Masampe Holding BV) thereby holding 55% of the share capital, with the remaining 45% owned by Mr. José Antonio Martínez Sampedro. On the same date Ms. Encarnación Martínez and José Antonio Martínez signed an irrevocable power of attorney (in that the equity interest of Ms. Encarnación Martínez equalled more than 50% of the share capital of Mabloem Ontwikkeling BV) pursuant to which Mr. José Antonio Martínez Sampedro would be able to freely and permanently, and in the absence of specific instructions, exercise the voting rights held by Ms. Encarnación Martínez in Mabloem Ontwikkeling BV

Regarding sub-paragraph A.10. it should be noted that during the Lock up period we have issued the significant events statement numbers 211.103 and 211.116, informing that certain shareholders have promised and agreed with the representatives of the bondholders not to sell the shares held thereby to third parties during the term of the said lock up agreement.

In relation to the questions raised concerning the Corporate Bylaws and the Rules of Procedure of the General Meeting, it should be noted that in December 2015, the General Meeting of Shareholders passed a resolution for the amendment of certain articles of these texts, although at 31 December 2015, these amendments had not been introduced, due to the fact that the resolutive conditions agreed had not yet been met. The amendment of these texts, together with the amendment of the Rules of Procedure of the Board of Directors (the effectiveness of which is also subject to a resolutive condition) will take place in January or February 2016.

Regarding sub-paragraph C.1.2. please note that the date of first appointment of Mr. Joseph Zappala reported on 20/11/2002, corresponds to the first occasion he was appointed Director of Codere S.A. However, on 31 August 2004 Mr. Zappala resigned from his position as Director, and was not re-appointed Director until 21 June 2005. Since then he has been a Director of Codere SA continuously.

Regarding sub-paragraph C.1.15. note that the amount referred includes the remuneration received by the Directors José Antonio Martínez, Ms. Encarnación Martínez and Javier Martínez, for the performance of their duties.

Regarding sub-paragraph C.1.29. indicate that on an additional occasion (13 October 2014) to the 23 meetings, the Board adopted resolutions in writing without a meeting.

Regarding sub-paragraph C.1.38., it should be noted that the audit report contained no reservations or qualified opinions, but did include an emphasis-of-matter paragraph with respect to the financial restructuring process undertaken by the company.

Regarding sub-paragraph C.1.45, it should be noted that the value of the compensation of the four contracts listed in the answer to this question, if applicable, at 31 December 2015 totals 1.1 million euros. It should also be pointed out that although the Rules of Procedure of the Board of Directors reserves for the plenum of the Board the power to resolve in regard to Senior Management indemnity clauses and the contract terms of Executive Directors, of the four beneficiaries of guarantee or golden parachute clauses indicated in the reply to this question, three were not authorized by the Board of Directors, given that their contracts were entered into prior to the date on which the Rules of Procedure of the Board of Directors came into effect, whereas the fourth was duly authorized during the year 2011.

In relation to sub-paragraph C.2.1., note that in order to comply with the legally enforceable composition of the Audit Committee in accordance with Law 31/2014, at the meeting of the Board held on 22 January 2015, it was agreed to appoint the independent director Mr. Juan Junquera Temprano as a member of the Audit Committee to meet a minimum of two independent directors that must exist in this committee. Nevertheless, until 24 December 2014 the composition of the Audit Committee has complied with that legally established.

Additionally, in relation to sub-paragraph C.2.1, article 15 of the Rules of Procedure of the Board of Directors of Codere S.A. establishes that when the Chairman of the Compliance Committee is not an Independent Director the reasons for said circumstance must be indicated in the Corporate Governance Annual Report. In this respect, the Chairman of the Compliance Committee, Mr. José Ignacio Cases Méndez is a Nominee Director, with his appointment as Chairman of said Committee owing to his experience and knowledge gathered when he was Secretary General of the Gaming Commission of the Spanish Ministry of the Interior, and as Full Professor of Political Science at the Carlos III University in Madrid, consequently making him one of the most highly informed persons in the matter.

With respect to sub-paragraph C.2.3, the function of establishing and supervising a mechanism to allow employees to communicate confidentially, and if deemed appropriate, anonymously, any potentially significant irregularities, especially those of a financial or accounting nature, detected within the Company, corresponds to the Compliance Committee, in accordance with article 15 of the Rules of Procedure of the Board of Directors.

In sub-paragraph D.3 regarding the detail of the relevant transactions between the company or companies of its group and directors or senior managers of the company, we point out with reference to the Director Mr. José Ramón Romero Rodríguez, a contractual relation of service provision in the amount mentioned, although the service is provided by the law firm Despacho Loyra SCP Abogados, of which said Director is Managing Partner.

Regarding sub-paragraph the D.5., note that the reported balance of transactions with other related parties, includes a receivable from the company Promobowling S.A., that, given the situation of bankruptcy the debtor, has been duly provisioned.

This Annual Corporate Governance Report was approved by the Board of Directors of the Company, at its meeting held on 25/02/2016.

Indicate whether any Directors have voted against or have abstained from the approval of the present report.

Yes ☐

No ☒