

CODERE, S.A. AND SUBSIDIARIES

Audit Report, Consolidated Annual Accounts and
Consolidated Directors' Report for
the year ended December 31, 2011



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 opinions, the original language version of our report takes precedence over this translation.

To the Shareholders of Codere, S.A.:

We have audited the consolidated annual accounts of Codere, S.A. ("Parent company") and its subsidiaries (the "Group"), consisting of the consolidated balance sheet at 31 December 2011, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes to the consolidated annual accounts for the year then ended. As explained in note 2, the Directors of the Parent company are responsible for the preparation of these consolidated annual accounts in accordance with the International Financial Reporting Standards as endorsed by the European Union, and other provisions of the financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on the work performed in accordance with the legislation governing the audit practice in Spain, which requires the examination, on a test basis, of evidence supporting the annual accounts and an evaluation of whether their overall presentation, the accounting principles and criteria applied and the estimates made are in accordance with the applicable financial reporting framework.

In our opinion, the accompanying consolidated annual accounts for 2011 present fairly, in all material respects, the consolidated financial position of Codere, S.A. and its subsidiaries at 31 December 2011 and the consolidated results of its operations and the consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as endorsed by the European Union, and other provisions of the applicable financial reporting framework.

The accompanying consolidated Directors' Report for 2011 contains the explanations which the Parent company's Directors consider appropriate regarding the Group's situation, the development of its 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 consolidated Directors' Report is in agreement with that of the consolidated annual accounts for 2011. Our work as auditors is limited to checking the consolidated Directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the accounting records of Codere, S.A. and its subsidiaries.

PricewaterhouseCoopers Auditores, S.L.

Antonio Vázquez
Partner

29 February 2012

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CODERE, S.A. AND SUBSIDIARIES

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Consolidated Directors' Report for 2011

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Consolidated Directors' Report for 2011
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CODERE, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Thousands of euros)

ASSETS	Note	At 31 December	
		2011	2010
Non-current assets		1,264,037	1,219,654
Intangible Assets (*)	7	361,583	268,467
Property, plant and equipment	8	479,624	411,197
Goodwill (*)	10	306,493	284,950
Financial assets	11	67,574	217,591
Long-term loans		49,974	209,584
Investments held to maturity		4,497	7,304
Other financial assets		13,103	703
Deferred tax assets	12	48,535	37,194
Other non-current assets		228	255
Current assets		301,481	223,604
Inventories	14	11,528	9,745
Receivables	15	127,423	95,870
Trade and other receivables		22,174	27,396
Current tax assets		6,697	3,619
Sundry receivables		98,552	64,855
Financial assets	16	22,021	24,963
Short-term investment securities		1,275	1,531
Other loans and investments		20,746	23,432
Other current assets		4,817	2,425
Cash and cash equivalents	24	135,692	90,601
TOTAL ASSETS		1,565,518	1,443,258

The notes in the accompanying Notes to the Consolidated Annual Accounts are an integral part of said Consolidated Annual Accounts.

(*) The balance at 31 December 2010 was restated as a result of the final accounting for business combinations recognised during 2010.

CODERE, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Thousands of euros)

EQUITY AND LIABILITIES	Note	At 31 December	
		2011	2010
Equity attributable to equity holders of the Parent Company	17	115,547	106,404
Issued capital		11,007	11,007
Share premium		231,280	231,280
Legal reserve and prior-year results		(73,889)	(99,721)
Revaluation reserve		4,577	4,765
Gains/(losses) on exchange		(109,580)	(70,258)
Profit/(loss) for the year attributable to equity holders of the Parent Company		52,152	29,331
Non-controlling interests (*)	17	51,150	38,778
Total equity		166,697	145,182
Non-current liabilities		1,005,570	971,591
Deferred income		540	544
Non-current provisions (*)	18	44,219	29,653
Long-term payables	19	872,538	891,056
Bank borrowings		59,658	60,975
Bonds issued		758,090	747,690
Other payables		54,790	82,391
Deferred tax liabilities (*)	12	88,273	50,338
Current liabilities		393,251	326,485
Provisions and other	18	2,931	4,354
Bank borrowings	19	45,567	37,259
Bonds and other marketable securities		3,730	4,112
Other non-trade payables	19	191,779	169,586
Trade payables	19	119,489	92,032
Current tax liabilities	19	29,755	19,142
TOTAL EQUITY AND LIABILITIES		<u>1,565,518</u>	<u>1,443,258</u>

The notes in the accompanying Notes to the Consolidated Annual Accounts are an integral part of said Consolidated Annual Accounts.

(*) The balance at 31 December 2010 was restated as a result of the final accounting for business combinations recognised during 2010.

CODERE, S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
(Thousands of euros)

	Note	Year ended 31 December	
		2011	2010
Operating revenue		1,374,333	1,126,509
Revenue		1,369,053	1,123,642
Other revenue	23	5,280	2,867
Operating expenses	23	(1,212,271)	(986,288)
Consumables and other external expenses		(63,323)	(74,770)
Staff costs		(261,819)	(204,434)
Depreciation and provisions for fixed assets		(125,614)	(99,806)
Changes in trade provisions		2,112	(1,028)
Other operating expenses		(759,512)	(606,242)
Impairment losses	10	(4,115)	(8)
Profit/loss on retirement or disposal of assets		(1,440)	3,501
OPERATING PROFIT/(LOSS)		160,622	143,722
Financial income	23	16,890	8,648
Financial expenses	23	(86,486)	(77,905)
Net gains/(losses) on exchange		3,145	1,012
PROFIT/(LOSS) BEFORE INCOME TAX		94,171	75,477
Corporate income tax	21	(58,380)	(45,359)
PROFIT FOR YEAR FROM CONTINUING OPERATIONS		35,791	30,118
PROFIT/(LOSS) FOR YEAR FROM DISCONTINUED OPERATIONS	23	-	1,323
PROFIT FOR THE YEAR		35,791	31,441
Attributable to:			
Non-controlling interests		(16,361)	2,110
Equity holders of the Parent Company		52,152	29,331
Basic and diluted earnings per share (in euros)	23	0.65	0.57
Basic and diluted earnings per share from discontinued operations (in euros)	23	-	0.02
Basic and diluted earnings per share from continuing operations attributable to equity holders of the Parent Company (in euros)	23	0.95	0.51

The notes in the accompanying Notes to the Consolidated Annual Accounts are an integral part of said Consolidated Annual Accounts.

CODERE, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Thousands of euros)

		Year ended 31 December	
	Note	2011	2010
Profit/(loss) for the year		35,791	31,441
Other comprehensive income:			
From cash flow hedging instruments	20	-	(989)
Exchange differences on translating foreign operations (*)		(38,082)	36,274
Other comprehensive income for the year, net of tax		(38,082)	35,285
Total comprehensive income for the year		(2,291)	66,726
Attributable to equity holders of the Parent Company		12,830	65,457
Attributable to non-controlling interests		(15,121)	1,269

(*) The balance at 31 December 2010 was restated as a result of the final accounting for business combinations recognised during 2010.

The notes in the accompanying Notes to the Consolidated Annual Accounts are an integral part of said Consolidated Annual Accounts.

CODERE, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Thousands of euros)

	Note	Share Capital	Share premium	Legal reserve and prior-year results	Revaluation reserve	Gains/(losses) on exchange	Profit/(loss) attributable to equity holders of the Parent Company	Equity attributable to equity holders of the Parent Company	Non-controlling interests (**)	Total equity
BALANCE at 31 December 2010		<u>11,007</u>	<u>231,280</u>	<u>(99,721)</u>	<u>4,765</u>	<u>(70,258)</u>	<u>29,331</u>	<u>106,404</u>	<u>38,778</u>	<u>145,182</u>
Profit/(loss) for the year		-	-	-	-	-	52,152	52,152	(16,361)	35,791
Other comprehensive income for the year		-	-	-	-	(39,322)	-	(39,322)	1,240	(38,082)
Total comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,322)</u>	<u>52,152</u>	<u>12,830</u>	<u>(15,121)</u>	<u>(2,291)</u>
Reversal of revaluation reserve		-	-	188	(188)	-	-	-	-	-
Changes in the scope of consolidation and business combinations										
- Acquisition of non-controlling interests	6	-	-	(1,489)	-	-	-	(1,489)	12,536	11,047
- Business combinations	6	-	-	-	-	-	-	-	17,417	17,417
Reserves for treasury shares	17.c	-	-	(671)	-	-	-	(671)	-	(671)
Provision for options	18.2	-	-	(1,444)	-	-	-	(1,444)	-	(1,444)
Profit/(loss) on treasury shares		-	-	(83)	-	-	-	(83)	-	(83)
Dividends (*)		-	-	-	-	-	-	-	(2,460)	(2,460)
Transfers to prior-year results		<u>-</u>	<u>-</u>	<u>29,331</u>	<u>-</u>	<u>-</u>	<u>(29,331)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total transactions with equity holders		<u>-</u>	<u>-</u>	<u>25,832</u>	<u>(188)</u>	<u>-</u>	<u>(29,331)</u>	<u>(3,687)</u>	<u>27,493</u>	<u>23,806</u>
BALANCE at 31 December 2011		<u>11,007</u>	<u>231,280</u>	<u>(73,889)</u>	<u>4,577</u>	<u>(109,580)</u>	<u>52,152</u>	<u>115,547</u>	<u>51,150</u>	<u>166,697</u>

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

(**) The balance at 31 December 2010 was restated as a result of the final accounting for business combinations recognised during 2010.

The notes in the accompanying Notes to the Consolidated Annual Accounts are an integral part of said Consolidated Annual Accounts.

CODERE, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Thousands of euros)

	Note	Share Capital	Share premium	Legal reserve and prior-year results	Revaluation reserve	Gains/(losses) on exchange	Profit/(loss) attributable to equity holders of the Parent Company	Equity attributable to equity holders of the Parent Company	Non-controlling interests (**)	Total equity
BALANCE at 31 December 2009		11,007	231,280	(117,031)	4,879	(107,373)	19,083	41,845	19,624	61,469
Profit/(loss) for the year		-	-	-	-	-	29,331	29,331	2,110	31,441
Other comprehensive income for the year		-	-	(989)	-	37,115	-	36,126	(841)	35,285
Total comprehensive income (**)		-	-	(989)	-	37,115	29,331	65,457	1,269	66,726
Reversal of revaluation reserve		-	-	114	(114)	-	-	-	-	-
Changes in the scope of consolidation and business combinations										
- Acquisition of non-controlling interests	6	-	-	(1,631)	-	-	-	(1,631)	820	(811)
- Business combinations	6	-	-	-	-	-	-	-	19,120	19,120
Reserves for treasury shares	17.c	-	-	(184)	-	-	-	(184)	-	(184)
Provision for options	18.2	-	-	800	-	-	-	800	-	800
Profit/(loss) on treasury shares		-	-	117	-	-	-	117	-	117
Dividends (*)		-	-	-	-	-	-	-	(2,055)	(2,055)
Transfers to prior-year results		-	-	19,083	-	-	(19,083)	-	-	-
Total transactions with equity holders		-	-	18,299	(114)	-	(19,083)	(898)	17,885	16,987
Balance at 31 December 2010 (**)		11,007	231,280	(99,721)	4,765	(70,258)	29,331	106,404	38,778	145,182

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

(**) The balance at 31 December 2010 was restated as a result of the final accounting for business combinations recognised during 2010.

The notes in the accompanying Notes to the Consolidated Annual Accounts are an integral part of said Consolidated Annual Accounts.

CODERE, S.A. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
(Thousands of euros)

	Note	Year ended 31 December	
		2011	2010
Consolidated profit/(loss) for the year before tax		94,171	75,477
Net financial income/(expense)		66,450	68,245
Expenses that do not represent cash movements		143,002	121,554
Depreciation and amortisation	7.8	125,614	99,806
Impairment losses	13	4,115	8
Other operating expenses		13,273	21,740
Revenues than do not represent cash movements		(887)	(9,565)
Net changes in working capital		(16,651)	(16,969)
Corporate income tax paid		(53,793)	(39,410)
CASH FLOWS FROM OPERATING ACTIVITIES	24	232,292	199,332
Amounts paid on investments in plant, property and equipment		(105,686)	(111,908)
Amounts collected from divestments of plant, property and equipment		1,327	199
Payments on long-term loans		(17,909)	(20,739)
Receipts from long-term loans		19,129	28,685
Amounts paid on investments		(13,684)	(54,330)
CASH FLOWS FROM INVESTING ACTIVITIES	24	(116,823)	(158,093)
Bond issues		-	95,008
Drawings on Codere senior debt		64,662	64,475
Repayments of Codere senior debt		(54,662)	(48,475)
Other drawings on external funds		11,072	-
Other repayments of external funds		(4,717)	(1,070)
Net changes in borrowings		16,355	14,930
Amounts collected from bank borrowings		11,799	5,473
Repayment of bank borrowings		(12,117)	(32,026)
Net changes in other bank borrowings		(318)	(26,553)
Dividend payments		(2,255)	(2,268)
Amounts collected from other financial debts		3,456	4,228
Repayments of other financial debt		(7,833)	(68,243)
Net changes in other financial debt		(4,377)	(64,015)
Acquisition of own equity instruments		(2,506)	(2,043)
Disposal of own equity instruments		1,791	1,978
Net investment in own equity instruments		(715)	(65)
Financial income		4,394	3,100
Financial expenses		(78,191)	(70,905)
Effect of exchange rate differences		(2,734)	4,717
CASH FLOWS FROM FINANCING ACTIVITIES	24	(67,841)	(46,051)
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS		47,628	(4,812)
Reconciliation			
Cash and cash equivalents at beginning of the year		90,601	90,205
Effect of exchange rate fluctuations on cash and cash equivalents		(2,537)	5,208
Cash and cash equivalents at year end		135,692	90,601
	24	47,628	(4,812)

The notes in the accompanying Notes to the Consolidated Annual Accounts are an integral part of said Consolidated Annual Accounts.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
(Thousands of euros)

1. General information

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

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 accounts were prepared by the Board of Directors on 28 February 2012.

2. Accounting policies

The main accounting policies used in the preparation of these consolidated annual accounts are detailed below. These policies have been applied uniformly for all the years presented except where otherwise indicated.

a) Basis of presentation of the consolidated annual accounts

The consolidated annual accounts have been prepared on the basis of the accounting records of Codere S.A. and its consolidated subsidiaries and are presented in thousands of euros in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU). These consolidated annual accounts are presented on a historical cost basis, except for financial instruments held for trading which are carried at fair value, and land and buildings which are carried at their fair value at the date IFRS-EU were first applied.

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

In accordance with IFRS 3 (revised), the comparative information provided for 2010 has been restated to reflect the business combinations recognised in relation to the acquisitions of International Thunderbird Gaming (Panama) Corporation, King Bingo, S.r.l., King Slot, S.r.l. and FG Slot Services, S.r.l. The opening balances and movements during the twelve months from the acquisition date have been restated in accordance with said standard. The resulting changes are detailed in note 6.a (Business Combinations) of these notes to the consolidated annual accounts.

a.1) Going concern

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
(Thousands of euros)

At 31 December 2011, the Group reported a negative working capital of 91.77 million euros (102.88 million euros at 31 December 2010). This is a common situation in the sector in which the Group operates and given its financial structure, and does not represent any impediment to the continuation of the business.

At 31 December 2011 and 2010, all short-term obligations had been settled within the periods agreed, and all debt maturing in the next twelve months is expected to be settled within the required period.

The Directors consider that the following factors support the reasonable expectation that the Group has sufficient resources to continue operating within the foreseeable future:

- The average payment period for receivables in the gaming sector is very short, while the average payment period to suppliers is longer, enabling the business to generate sufficient operating cash flows to meet its working capital requirements.
- The Group generates positive cash flows from operating activities.
- The Group holds sufficient cash and available financial resources to cover the payables generated by its activities.

In the light of the above, the Company applies the going concern principle in the preparing of its consolidated annual accounts.

a.2) New accounting standards, amendments and interpretations

The accounting standards, amendments and interpretations which have come into effect during 2011 are the following:

		<u>Applicable to financial years from:</u>
Amendments		
IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters.	1 July 2010
IAS 24 (Revised)	Related parties disclosures	1 January 2011
IAS 32	Financial Instruments: Presentation - Classification of rights issues	1 February 2010
IFRIC 14	Prepayments of a minimum funding requirement	1 January 2011
New IFRICs		
IFRIC 19	Extinguishing financial liabilities with equity	
Annual improvements project 2010 contained clarifications on the following standards:		
IFRS 1	First-time adoption of international financial reporting standards	1 January 2011
IFRS 3	Business combinations	1 July 2010
IFRS 7	Financial instruments: disclosures	1 January 2011
IAS 1	Presentation of financial statements	1 January 2011
IAS 27	Consolidated and separate financial statements	1 July 2010
IAS 34	Interim financial reporting	1 January 2011
IFRIC 13	Customer loyalty programmes	1 January 2011

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
(Thousands of euros)

The Directors consider that the adoption of these new standards has not had any material impact on the Group's financial position, net asset value, income statement or duties of disclosure.

At the date these consolidated annual accounts were signed, the IASB and the IFRS Interpretations Committee had published the standards, amendments and interpretations detailed below and which must be applied to financial years from 2012. The Group has not adopted them in advance.

		<u>Applicable to financial years from:</u>
Amendments		
IFRS 1 (*)	Severe hyperinflation and removal of fixed dates for first-time adopters	1 July 2011
IFRS 7	Financial instruments: disclosure - transfers of financial assets	1 July 2011
IAS 12 (*)	Deferred tax: Recovery of underlying assets	1 January 2012
IAS 27 (*)	Separate financial statements	1 January 2013
IAS 28 (*)	Investments in associates and joint ventures	1 January 2013
IAS 19 (*)	Employee benefits	1 January 2013
IAS 1 (*)	Presentation of financial statements	1 July 2012
IAS 32 (*)	Financial instruments: presentation	1 January 2014
IFRS 7 (*)	Financial instruments: disclosures	1 January 2013
New standards		
IFRS 9 (*)	Financial instruments	1 January 2015
IFRS 10 (*)	Consolidated financial statements	1 January 2013
IFRS 11 (*)	Joint arrangements	1 January 2013
IFRS 12 (*)	Disclosure of interests in other entities	1 January 2013
IFRS 13 (*)	Fair value measurement	1 January 2013

(*) Standards pending adoption by the European Union.

The Directors consider that the adoption of these new standards will not have any material impact on the Group's consolidated annual accounts.

b) Accounting policies

b.1) Consolidation

• *Subsidiaries*

Subsidiaries are all entities (including those to which the Group has a special commitment) in which the Group has the power to influence financial and operating policy. This is generally evidenced by a majority interest in the entity's voting rights. When assessing whether the Group controls an entity, consideration is given to the existence and effect of potential voting rights that are currently exercisable or convertible. The Group also considers that de facto control exists when it is able to influence financial and operating policy despite not holding over 50% of the voting rights. This de facto control may arise when the voting rights held by the Group compared with the number of voting rights held by other shareholders and the distribution thereof, gives the Group the power to influence financial and operating policy through agreements with other shareholders, etc.

Subsidiaries are consolidated as from the date on which control is transferred to the Group, and are excluded from consolidation on the date control is discontinued.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
(Thousands of euros)

The Group uses 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 the former owners of the acquired entity 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. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Costs related to the acquisition are expensed as incurred.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree at the acquisition date is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured and its subsequent settlement will be recognised in equity.

Goodwill is initially measured as the excess of the consideration transferred and the fair value of the non-controlling interest over the identifiable net assets acquired and the 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.

Intra-group transactions, balances and revenues and expenses arising on transactions between Group companies are eliminated. Profits or losses resulting from intra-group 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 without loss of control*

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as such. The difference between the fair value of the consideration paid and the proportionate share acquired of the carrying amount of the net assets of the subsidiary is recognised in equity. Gains or losses on the disposal of non-controlling interests are also recognised in equity.

- *Joint ventures*

The Group's interests in jointly controlled entities are accounted for using the equity method. Accordingly, the consolidated annual accounts include the assets, liabilities, expenses and income of these companies in proportion to the Group's ownership interest in them. Joint ventures are those over which there is shared control, which exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

The assets, liabilities, income and expenses corresponding to the joint ventures are presented with items of the same nature in the consolidated balance sheet and consolidated income statement.

- *Disposals of subsidiaries*

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When the Group ceases to have control of a subsidiary, any residual ownership interest is remeasured at fair value at the date control is lost and the change in the carrying amount is recognised in profit or loss. This fair value becomes the initial carrying amount for subsequent 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.

b.2) Segment reporting

Information on operating segments is presented in accordance with the internal information provided to the Group's chief operating decision-maker, i.e., the Board of Directors, this being the body responsible for allocating resources, assessing the performance of operating segments and taking strategic decisions.

b.3) Foreign currency transactions

b.3.1) Functional currency and presentation currency

The components of the financial statements of the companies within the Group are reported in the currency of the principal economic environment in which the company operates (the functional currency). The consolidated annual accounts are presented in euros as the Group's functional and presentation currency.

b.3.2) Transactions and balances

Transactions denominated in foreign currency are translated into the functional currency applying the exchange rates prevailing at the transaction date or at the valuation date in the case of revalued items.

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

Monetary items denominated in a currency other than the functional currency of each company are translated to the functional currency 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 transactions considered part of the investment in a foreign operation, which are included under the "Currency translation differences" in the consolidated balance sheet.

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

b.3.3) Group companies

The income statement and balance sheet of Group companies whose functional currency is not the Group's presentation currency are translated as follows:

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- Assets and liabilities are converted at the closing exchange rate for the balance sheet date;
- Revenues and expenses are converted at the average exchange rate for the month;
- The resulting exchange differences are recognised in other comprehensive income.

Adjustments to goodwill and fair value resulting from the acquisition of a foreign entity are considered to be assets and liabilities of the foreign entity and are translated at the exchange rate prevailing at year-end. 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 recognised.

Expenses incurred in relation to intangible assets are only capitalised when they increase the associated future cash flows likely to arise from the assets. All other costs are expensed when they are incurred.

- Gaming licences include the amount paid to the granting authorities. They are amortised over the life 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 life of the contract.
- Installation rights comprise amounts paid to authorities for permits to install gaming machines. They are amortised over the authorisation period.
- The costs of acquiring software licenses from third parties and of preparing them for use are capitalised. These costs are amortised over the estimated useful life of the software.
- Commercial brands acquired from third parties are stated at acquisition cost. Brands are considered to have an indefinite useful life.
- Rights to use brands, trademarks, customer portfolios and licenses acquired through business combinations are stated at fair value at the acquisition date.

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

	Annual amortisation rate
Gaming licences	2.5%-7.1%
Exclusive rights	15%-25%
Installation rights	10% - 33%
Customer portfolios	4.5%
Computer software	20%
Leasehold assignment rights	10% - 20%

These rates are regularly reviewed to ensure their accuracy.

b.5) Property, plant and equipment

Property, plant and equipment are carried at acquisition cost. Nevertheless, on the first application of IFRS-EU, the Group decided to revalue its land and buildings, recognising the fair value at the time as the acquisition cost.

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This revaluation was recognised directly in equity. Decreases which offset increases previously recognised for the same asset are charged directly against other reserves in other comprehensive income and the remaining decreases are recognised in profit or loss. When the revalued asset is subsequently sold or retired, the excess in the revaluation reserve is taken to retained earnings.

Expenses subsequently incurred in relation to property, plant and equipment are only capitalised when they increase the associated future cash flows likely to arise from the assets. All other costs are expensed when they are incurred.

Fixtures and fittings in bingo halls are depreciated over the shorter of the rental contract period 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 the assets from the moment they become available for use. Land is not depreciated. The depreciation rates applied are as follows:

	Annual depreciation rate
Leisure, gaming and sports betting machines	10% - 40%
Other installations, equipment and plant	7% - 30%
IT equipment	10% - 30%
Transport equipment	10% - 30%
Structures and buildings	2% - 3%
Work done to rented premises	10% - 30%
Plant and machinery	7% - 30%

These rates are regularly reviewed to ensure their accuracy.

The financial expenses associated with loans which are directly attributable to the acquisition, construction or production of property, plant and equipment are treated as part of the cost of said asset, in accordance with IAS 23.

b.6) Goodwill

Business combinations are accounted for in accordance with the accounting policies applicable to the acquisition of companies. Goodwill represents the excess of the acquisition price over the fair value of the Group's share of net identifiable assets.

Goodwill is carried at cost less 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 correspond, in general, to 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 is subject to impairment testing at least annually, and more frequently if events or changing circumstances indicate a potential impairment loss. The carrying amount of goodwill is compared with the recoverable value measured as the higher of its fair value less sale costs and its

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value in use. Any impairment loss is recognised immediately as an expense and is not subsequently reversed.

b.7) Impairment losses on non-financial assets

Assets with an indefinite useful life, e.g. goodwill or intangible assets which cannot presently be used, are not amortised but are subject to annual impairment testing. Assets subject to amortisation are reviewed for impairment losses whenever any event or change in circumstances indicates that the book value of the asset may not be recoverable. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss. The recoverable amount is the higher of the asset's fair value less sale costs and its value in use. In order to determine impairment losses, assets are broken down under more detailed headings so that cash flows can be separately identified (cash generating units). Non-financial assets other than goodwill that undergo impairment are measured at each reporting date to consider the possibility of reversing the impairment.

To assess impairment, 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 forecasting period used is five years. After that, a terminal value is estimated assuming a constant growth rate in perpetuity. The first year of the forecast 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 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 nature and competitive environment.

b.8) Financial assets

Financial investments classified as held for trading are carried at fair value with any loss or gain 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 intends to hold to maturity and is able to do so, are carried at amortised cost less any impairment losses recognised.

Other financial investments held by the Group are classified as available-for-sale and are carried at fair value less sale costs, with any resulting gain or loss recognised directly in equity. When these investments are sold, any gains or losses recognised directly in equity are taken to profit or loss.

Where there is no benchmark price in an active market for an available-for-sale investment and there is no other 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 impairments to loans and receivables when there is sufficient evidence to reasonably classify these assets as doubtful debts.

Acquisitions and disposals of financial assets are recognised at the agreement date, i.e. the date on which the Group assumes the commitment to acquire or sell the asset.

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b.9) Inventories

Inventories correspond mainly to bingo cards and food and drink stocks, and are stated at the lower of cost of acquisition and their net realisable value.

The net realisable value is the estimated sale price in the normal course of business, less the estimated selling costs and other sales expenses.

b.10) Impairment losses on financial assets

At each balance sheet date, the Group assesses whether there is objective evidence of impairment to a financial asset or a group of financial assets. A financial asset or a group of financial assets is impaired and impairment losses are incurred when there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset and that said event (or events) has an impact on the estimated future cash flows of the asset or group of assets that can be reliably estimated.

Such evidence may include indications that a debtor or group of debtors is experiencing significant financial difficulties, defaults or late payments of interest or principal, that it may file for bankruptcy or is in the process of a financial restructuring, or when observable data indicates that future estimated cash flows may significantly decline, such as changes to payment conditions or economic conditions which are associated with defaults.

Impairment losses on loans and receivables are calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding credit losses not yet incurred) discounted at the original effective interest rate of the financial asset. The carrying amount is reduced and the loss recognised in the consolidated income statement. If a loan or investment held to maturity bears interest at a variable rate, the discount rate used to calculate any impairment loss is the effective interest rate as per the contract. As a practical measure, the Group may estimate the impairment on the basis of the fair value of an instrument using an observable market price.

If the impairment loss subsequently diminishes, and this can be objectively attributed to an event occurring after the impairment was recognised (such as an improvement in the credit rating of a debtor), the impairment previously recognised in the consolidated income statement may be reversed.

b.11) Derivative financial instruments and hedging transactions

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

These contracts are designed to hedge against changes in the aforementioned currencies to minimise fluctuations in the Group's consolidated revenues reported in euros. At 31 December 2011 the Group had hedging contracts in force to cover its sales in Argentine pesos.

The Group's hedging contracts comprise currency insurance contracts: forward exchange contracts which fix at the contract date the expected buying or selling rate of exchange between the two currencies (Argentine or Mexican pesos versus the US dollar or euro). The key features of this type of contract are:

- The buying and selling exchange rate for the currency is quoted on regulated markets.

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- The contract is binding between the parties (leading financial entities and the Group).
- The basic terms are not standardised: each financial entity offers its own quotations based on supply and demand.
- There is no up-front payment.
- The contract will be settled at the difference between the agreed price and the market rate on the settlement date.

The contract price is set at the spot rate plus or minus the interest rate differential between the two currencies calculated forward to the settlement date. The currency's forward rate is determined by capitalising on the interest rate differential at the contract date.

The hedged items are an identified amount of the Group's sales in Argentine pesos, thereby covering the associated cash flows against exposure to exchange rate risk.

Variations in the fair value of derivatives, both those maturing in the financial year and those outstanding at the balance sheet date, are taken to income.

b.12) Trade receivables

Trade receivables are amounts due from the sale of goods or services to customers in the normal course of business. Receivables due within one year are classified as current assets. All other receivables are classified as non-current.

Trade receivables are initially stated at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any impairment loss.

b.13) Cash and cash equivalents

Cash and cash equivalents include cash, cash at bank and short-term deposits maturing originally within three months and which are not subject to significant variations.

b.14) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are presented 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 equity holders of the Parent Company until the shares are redeemed, reissued or sold. When these shares are sold or subsequently reissued, any amount received, net of any incremental directly attributable transaction cost and the corresponding income tax effects, is included in equity attributable to the holders of equity instruments and the Company.

b.15) Trade payables

Trade accounts payable are payment obligations arising from the purchase of goods or services from suppliers in the ordinary course of business. 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). All other payables are classified as non-current.

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Trade payables are initially stated at fair value and subsequently measured at amortised cost using the effective interest rate 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 fee is deferred until the draw-down occurs. When it is unlikely 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 tax liabilities

Tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement unless the tax relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity, as appropriate.

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 annual accounts. 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 tax assets are recognised when it is considered likely that the company will have sufficient future taxable earnings against which the assets can be applied.

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 tax assets and liabilities are only offset if the Group has a legally enforceable right to set off the recognised amounts and when they relate to income taxes levied by the same taxation authority on a single tax subject/entity, or in the event of different tax subjects/entities, when the Group intends to realise the asset and settle the liability on a net basis.

b.18) Employee benefits

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- Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal. 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. Benefits falling due more than 12 months after the end of the reporting period 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.

- Retirement bonuses

Retirement bonuses are recognised in the amount paid out to the balance sheet date by those companies obliged to make such payments under collective bargaining agreements.

b.19) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation, whether legal or implicit, as a result of past events, a future outflow of funds to settle the obligation is likely to be needed, and the amount can be reliably estimated. No provisions are recognised for future operating losses.

Provisions are determined at the value of the outflows considered necessary to settle the obligation discounted to present value using a pre-tax discount rate that reflects the current market valuations with respect to the time value of money and the specific risks associated with the liability. Increases to the provision over time are recognised as an interest expense.

Those possible obligations arising as a result of past events, whose materialisation is dependent on the occurrence, or otherwise, of one or more future events falling outside the consolidated companies' control are considered to be contingent liabilities. Such contingent liabilities are not recognised in the annual accounts but are detailed in the notes to the annual accounts (note 22).

b.20) Revenue recognition

Revenues are recognised on an accruals basis, i.e. when the actual flow of the related goods and services occurs, irrespective of the timing of the resulting receipts or payments.

The Group's revenues are recognised as follows:

- Gaming machines: the amount received net of associated gaming taxes, except in Uruguay, where there is no direct tax.
- Bingo halls: the total face value of the cards sold less winnings paid out, which are recorded as a deduction to operating revenues.
- Casinos: the net receipts collected by the operator.
- Racetracks: the total amount of the bets placed, less winnings paid out.
- Betting: the net receipts collected by the operator.

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Interest income is stated using the effective interest method. When a receivable suffers an impairment loss, the Group reduces the carrying amount to its recoverable value, discounting future cash flows at the interest rate effective when the asset was originally recognised, and adjusting the receivable treating the discount as interest income. Interest income arising on loans that have suffered impairment losses are recognised using the original effective interest rate.

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

b.21) Leases

Leases where the lessor maintains the greater part of the risks and benefits derived from ownership of the asset are classified as operating leases. In operating leases where the Group acts as lessee, the payments made (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

The Group leases certain items of property, plant and equipment. Leases in which the contract substantially transfers to the Group all the risks and rewards of ownership of the assets are classified as finance leases. Finance leases are recognised at the inception of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments. .

Lease payments are apportioned between the finance charge and the liability. The payment obligation under the lease, net of finance charges, is recognised in non-current payables. The interest component of the finance charge is taken to the income statement over the term of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Items of property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

b.22) Earnings per share

Basic earnings per share are calculated by dividing the net profit/loss for the year attributable to the equity holders of the Parent Company by the weighted average number of ordinary shares outstanding in the year, excluding any treasury shares held by the Group.

b.23) Discontinued operations

A discontinued operation is a component of the Group that has either been sold, disposed of, or is classified as held for sale, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. The profit/(loss) for the year from discontinued operations is reported as a separate item in the income statement.

3. Targets and policies for managing financial risk

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 working capital requirements of the Group's companies.
- To finance the investments set out in the Group's business plan.

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With regard to its capital structure, the Group categorises its financial creditors according to two priority levels:

- Firstly, priority debt, with a range of maturities, contracted with leading Spanish and international banks.
- Secondly, issued bonds, the payment of which is, in some cases, subordinated to the primary debt, maturing in 2015 and subscribed by international financial investors.

The Group's gearing policy is to maintain indebtedness within certain multiples of its EBITDA, consolidated cash flows and debt servicing commitments, in accordance with its covenants with financial creditors and investors.

b) The 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 the Group. 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 joint ventures with third parties.

c) Financial risk factors

The Group's activities expose it to diverse financial risks: market risk (including exchange rate risk, interest rate risk on the fair value of assets and price risk), credit risk and liquidity risk. The Group's global risk management programme is focused on the uncertainty of financial markets and seeks to minimize potential adverse effects on its financial performance. The Group uses derivative financial instruments to hedge certain of the risks to which it is exposed.

Risk management is supervised 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 determines policies for the global management of risk, and for specific risk areas such as currency risk, interest rate risk, liquidity risk, risk derived from the use of derivative and non-derivative financial instruments and the investment of cash surpluses.

c.1) Market risk

Foreign exchange risk

The Group has significant investments in countries whose currency is not the euro, with particularly notable investments in Argentine and Mexican pesos. Transactions effected by the Group's companies are predominantly denominated in the local currency.

The Group's policy is to minimise the assets and liabilities held by its companies denominated in different currencies in order to prevent any devaluation of said currencies having an impact on the Group's financial situation. It also contracts hedging instruments to reduce its exposure to exchange rate risk on Latin American currencies. At 31 December 2011 the Group held hedging

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contracts in Argentine pesos. The Group uses forward exchange contracts on these currencies to hedge an identified part of its cash flows (see note 20 for details of these derivative instruments).

According to IFRS 7, market risks have to be presented using 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 company. Exchange rate-related differences from the translation of financial statements into the Group's currency are not taken into account in the subsequent sensitivity analysis.

The effects of changes in risk variables on profit or loss and equity at the balance sheet date for the Group's main currencies are shown in the following table:

Currency	Exchange rate at 31.12.2011	Thousands of euros			
		Euro losses 10%		Euro gains 10%	
		Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
ARS/EUR	5.59	(475)	-	475	-
BRL/EUR	1.88	78	1,270	(78)	(1,270)
COP/EUR	2,512.56	25	-	(25)	-
USD/EUR	1.29	(288)	546	288	(546)
UYU/EUR	25.75	(907)	51	907	(51)
MXN/EUR	18.09	2,810	-	(2,810)	-

Currency	Exchange rate at 31.12.2011	Thousands of euros			
		US Dollar losses 10%		US Dollar gains 10%	
		Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
ARS/USD	3.87	420	(392)	(420)	392
BRL/USD	1.88	2	1,877	(2)	(1,877)
COP/USD	1,941.75	247	-	(247)	-
MXN/USD	18.09	4,123	23,676	(4,123)	(23,676)
UYU/USD		705	615	(705)	(615)
EUR / USD		2,995	(27,155)	(2,995)	27,155

Currency	Exchange rate at 31.12.2010	Thousands of euros			
		Euro losses 10%		Euro gains 10%	
		Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
ARS/EUR	5.27	(242)	-	242	-
BRL/EUR	2.23	78	1,045	(78)	(1,045)
COP/EUR	2,557.46	12	-	(12)	-
USD/EUR	1.34	55	799	(55)	(799)
UYU/EUR	26.86	52	420	(52)	(420)
MXN/EUR	16.54	10,787	-	(10,787)	-

Currency	Exchange rate at 31.12.2010	Thousands of euros			
		US Dollar losses 10%		US Dollar gains 10%	
		Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
ARS/USD	3.98	198	-	(198)	-
BRL/USD	1.67	30	950	(30)	(950)
COP/USD	1,913.98	22	-	(22)	-
MXN/USD	12.38	(3,804)	16,726	3,804	(16,726)
UYU/USD	20.10	23	80	(23)	(80)

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EUR / USD	0.75	(7,948)	(31,854)	7,948	31,854
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The main movements affecting the analysis of exchange rate risk from 2010 to 2011 are:

- Mexican peso/euro: the negative impact at 31 December 2011 is due to a lower number of loans in euros from Spanish companies to Mexican companies at said date than twelve months earlier.
- Mexican peso/dollar: the movement at 31 December 2011 is due in part to a lower non-current receivable recognised with the Caliente Group than at 31 December 2010, and to a greater number of loans in dollars from Spanish companies to Mexican companies at said date than twelve months earlier.
- Euro/dollar: the movement at 31 December 2011 is due to a greater number of loans from Codere S.A. and Codere América to other Group companies.

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.

Interest rate risk

The Group has bonds issued on international markets bearing interest at fixed rates totalling 760 million euros. The rest of the Group's financial debt, generally bank borrowings, which totalled approximately 105 million euros at 31 December 2011, is 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 87% of the Group's current worldwide indebtedness, the Group's exposure to this type of risk at the balance sheet was low, as is its potential impact on profit or loss.

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Sensitivities to interest rate movements are detailed below:

Item	Increase (+) / decrease (-) in interest rates (basis points)	Thousands of euros	
		2011	2010
Effect on profit or loss after tax	+50	(511)	(438)
	-50	511	438
Effect on equity	+50	(511)	(438)
	-50	511	438

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).
- Derivatives (note 20).
- Balances with customers and other receivables (note 15).

The Group's global exposure to credit risk comprises the balances on the aforementioned items. It has not granted any loans to third parties other than advances to the owners of food and drink establishments recognised under "Receivables" and loans recorded under the heading "Non-current financial assets".

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.

The risks associated with trade receivables and non-current receivables are spread across a large number of debtors, a large part of whom are private entities.

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Maximum exposure

The Group's exposure to credit risk 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. The amounts recorded in the consolidated balance sheet, net of provisions for bad debts, were 55.73 million euros and 44.99 million euros in 2011 and 2010, respectively.

Provisions for bad debts are determined according to the following criteria:

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

The provisions for impairments to receivables at 31 December 2011 and 2010 are detailed in note 10. These provisions represent the Group's best estimate of the losses occurred in respect of receivables.

The Group's maximum exposure to credit risk at 31 December 2011 and 2010, broken down by type of financial instrument and without excluding the amounts covered by guarantees mentioned below, is as follows:

	Thousands of euros	
	2011	2010
Non-current receivables from the Caliente Group	29,149	183,624
Trade receivables	55,726	44,991
Cash and cash equivalents	135,692	90,601
Other financial assets	22,021	24,963
	242,588	344,179

The decrease in non-current receivables from the Caliente Group is due to the acquisition of 67.3% of the Joint Opcos (see note 6).

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 is responsible for managing the Group's global liquidity and financing, together with the liquidity and financing risks associated with processes and policies.

The Group manages liquidity on a consolidated basis, taking into account the needs of its companies, taxes payable, capital requirements and regulatory considerations, using a wide range of sources of financing to ensure flexibility. Management uses moving forecasts of expected cash flows to control the Group's net liquidity position. The Group deposits its cash and other cash equivalents with major regulated entities.

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The table below shows how the Finance Department manages net liquidity, based on the contractual maturities of the Group's assets and liabilities, excluding trade receivables and payables at 31 December 2011 and 2010:

	Thousands of euros				
	Balances at 31/12/2011	Between 01/01/2012 and 31/03/2012	Between 01/01/2012 and 31/12/2012	Between 01/01/2012 and 31/12/2015	Between 01/01/2012 and 31/12/2016
Current assets					
Short-term investment securities	1,275	1,275	1,275	1,275	1,275
Cash and other cash equivalents	135,692	135,692	135,692	135,692	135,692
	<u>136,967</u>	<u>136,967</u>	<u>136,967</u>	<u>136,967</u>	<u>136,967</u>
Non-current liabilities					
Debentures, bonds and other marketable securities	758,090	-	-	1,675	763,156
Non-current bank borrowings	59,658	-	-	13,747	59,658
	<u>817,748</u>	<u>-</u>	<u>-</u>	<u>15,422</u>	<u>822,814</u>
Current liabilities					
Current debentures and bonds	3,730	3,730	3,730	3,730	3,730
Current bank borrowings	45,567	34,746	45,567	45,567	45,567
	<u>49,297</u>	<u>38,476</u>	<u>49,297</u>	<u>49,297</u>	<u>49,297</u>
Forecast profit/(loss) on foreign exchange hedging operations (liabilities)	(84)	(334)	(84)	(84)	(84)
Net liquidity	<u>(730,162)</u>	<u>98,157</u>	<u>87,586</u>	<u>72,164</u>	<u>(735,228)</u>

	Thousands of euros				
	Balances at 31/12/2010	Between 01/01/2011 and 31/03/2011	Between 01/01/2011 and 31/12/2011	Between 01/01/2011 and 31/12/2014	Between 01/01/2010 and 31/12/2015
Current assets					
Short-term investment securities	1,531	1,531	1,531	1,531	1,531
Cash and other cash equivalents	90,600	90,600	90,600	90,600	90,600
	<u>92,131</u>	<u>92,131</u>	<u>92,131</u>	<u>92,131</u>	<u>92,131</u>
Non-current liabilities					
Debentures, bonds and other marketable securities	747,690	-	-	2,589	763,483
Non-current bank borrowings	60,976	-	-	18,541	60,976
	<u>808,666</u>	<u>-</u>	<u>-</u>	<u>21,130</u>	<u>824,459</u>
Current liabilities					
Current debentures and bonds	4,112	647	4,112	4,112	4,112
Current bank borrowings	37,259	24,282	37,259	37,259	37,259
	<u>41,371</u>	<u>24,929</u>	<u>41,371</u>	<u>41,371</u>	<u>41,371</u>
Forecast profit/(loss) on foreign exchange hedging operations (liabilities)	(4,122)	(2,263)	(4,122)	(4,122)	(4,122)
Net liquidity	<u>(762,028)</u>	<u>64,939</u>	<u>46,638</u>	<u>25,508</u>	<u>(777,821)</u>

The tables above do not include monetary flows arising on operating activities or the repayment of debt and the interest thereon for the periods indicated.

This risk is also managed by carefully monitoring the maturities of the Group's debts (as detailed in note 19) together with the proactive management and maintenance of credit lines that allow the Group to cover its cash needs.

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Regular forecasts of cash inflows and outflows are made at both Group level and at business and project level to determine the Group's current and ongoing liquidity position.

The bonds issued by the Codere Group totalling 760 million euros and maturing in June 2015 are subject to clauses allowing early redemption, either in part or in full, as is usual for this type of contract. In certain circumstances, the bondholders could request early repayment:

- if there is a change of control of the main guarantor (Codere S.A.), or
- if certain assets are disposed of in certain circumstances, the bondholders are entitled to redeem their bonds against any proceedings from said disposal over 10 million euros.

The bonds are redeemable in full in the event of certain conditions of default:

-immediately in the event of bankruptcy or insolvency
-on the request of at least 25% of the bondholders in the event of repeated defaults including:

- o late payment by over 30 days of interest or principal due.
- o failure to comply with early repurchase requests in applicable circumstances.
- o failure to pay the amount due or the early repayment of other debts totalling at least 10 million euros.
- o failure to satisfy other obligations established in the contract within 30 days of receiving specific requests relating thereto.

This list specifies the main circumstances but is not exhaustive.

Having requested early repayment, the bondholders may withdraw the request if the issuer rectifies the circumstances leading to said request.

At the publication date of these consolidated annual accounts no default has occurred or circumstance arisen that could give rise to a request for the early repurchase or redemption of the issued bonds. As its businesses may reasonably be expected to continue operating, the Group does not foresee such circumstances or events arising in the future.

Around 87% of the Codere Group's gross financial debt at 31 December 2011, including the bonds issued at a nominal value of 760 million euros, matures in 2015. The amount of debt maturing prior to that date is therefore moderate and does not, in accordance with current cash flow forecasts, present any liquidity risk, understood as an inability to satisfy contractual payment obligations.

With respect to the bonds maturing in 2015 with nominal value of 760 million euros, the Group plans to incorporate financing for a similar or greater amount into its permanent capital structure. As the maturity date approaches, therefore, and when the appropriate market conditions arise, the Group will make the necessary efforts to replace this financing with financing of a similar nature but maturing later, with financing of a different nature, or via a capital increase involving the equity of the Parent Company or one of its subsidiaries, or via a combination of the aforementioned methods.

d) Capital management

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The Group's objective in equity management is to safeguard its capacity to continue managing its recurring activities and the capacity to continue to grow through new projects, by optimising the debt-to-equity ratio to create shareholder value.

The Group's growth is financed in three main ways:

- Internal cash flows generated from the Group's recurring businesses.
- Capacity to grow through investments in new infrastructure projects financed largely by borrowings secured by project flows, thereby feeding the Group's growth capacity in its recurring activities.
- Asset turnover policy focused on the sale of mature projects in order to continue financing investments in new projects

The Group's optimal leverage level is not determined on the basis of its overall debt-to-equity ratio but with the goal of maintaining moderate levels of debt.

The Codere Group does not consider the debt-to-equity ratio a suitable indicator for defining its equity policy as its consolidated equity may be affected by a range of factors which are not necessarily indicative of its capacity to satisfy its future financial obligations, including:

- the effect of fluctuations in functional currencies other than the euro through currency translation differences.
- high depreciation and amortisation charges during periods of high levels of investment in growth.
- impairment losses on assets that will not recur and which do not involve a cash outflow when recognised.

The Group's capital policy does not set short-term quantitative targets for its indebtedness in relation to its net equity, but is adjusted to allow the Group to manage its recurring operations and take advantages of opportunities for growth while maintaining indebtedness at appropriate levels in the light of its expected future generation of cash flows and in compliance with any quantitative restrictions contained in its main debt contracts.

None of the Group's main debt contracts, including a revolving credit line (senior debt) with an upper limit of 60 million euros and bonds issued with a nominal value of 760 million euros, contain specific clauses restricting its debt-to-equity ratio.

As described in note 19, the main quantitative restrictions imposed in respect of the aforementioned revolving credit line include covenants to maintain certain ratios for the rolling twelve months to each quarter end.

At 31 December 2011 the Group complied with all the restrictions imposed by its main debt contracts, and as its businesses may reasonably be expected to continue operating, the Group does not foresee any non-compliance in the future.

The Group does not plan to distribute dividends in the short term.

e) Estimates of fair value

The table below provides a breakdown of the financial instruments carried at fair value which are grouped by valuation method based on the following hierarchy:

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- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included in 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 (unobservable inputs) (level 3).

The Group's assets and liabilities carried at fair value are presented in the following table:

Assets/(liabilities) (Level 2)	Thousands of euros	
	2011	2010
Derivatives	(59)	(4,122)
Reserve for options	(2,865)	(1,469)
Other financial assets (share options)	11,080	-

The fair value of financial instruments that are not quoted in an active market (e.g. OTC derivatives) 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 include:

- Quoted market prices or dealer quotes for similar instruments.
- The present value of foreign currency futures is calculated by discounting the futures rate at the balance sheet date.

4. Accounting estimates and judgements

Accounting estimates and judgements are continuously evaluated and are based on past experience and other factors, including such expectations of future events as are considered reasonable under certain circumstances.

The Group makes estimates and assumptions about the future. The resulting accounting estimates, by definition, rarely equal the corresponding actual figures. Those estimates and judgements that carry a significant risk giving rise to a material adjustment to the carrying amount of assets and liabilities in the next financial year are detailed below.

a) Estimated losses due to impairment of goodwill

The Group annually reviews the carrying amount of goodwill to determine if there are any indications of impairment in accordance with the accounting policy described in note 2. The recoverable value of the cash generating units is determined on the basis of their value in use, requiring the use of certain estimates (note 13).

b) Corporate income tax

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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.

The Group recognises tax 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.

c) Fair value of derivatives

The fair value of financial instruments not traded on an active market is determined using a variety of valuation methods. The Group exercises judgement in selecting a number of methods and assumptions that are based mainly on market conditions at each balance sheet date.

d) Provisions for litigations and other contingencies

The Group has made judgements and estimates in respect of the likelihood of certain risks arising and the amount thereof, and recognises a provision when the risk is considered likely, estimating the cost arising from said obligation.

e) Claims in Italy

(i) Settlement of gaming machine tax ("PREU")

The situation at the publication date of these consolidated annual accounts and events during 2011 and 2010 in respect of fines imposed for the late payment of taxes on gaming machine operations ("PREU") in the financial years 2004 to 2007 are as follows:

Fines and interest for the late payment of said tax for the financial years 2004 and 2005 totalled 2.32 million euros. In 2009 Codere Network, S.p.a. requested and was granted permission to pay said amount in 60 instalments. At 31 December 2011, therefore, a non-current liability of 0.69 million euros was recognised in the consolidated annual accounts under the heading "Other payables" (0.46 million euros at 31 December 2010) and a current liability of 0.46 million euros under "Other non-trade payables" (1.16 million euros at 31 December 2010).

No additional fines or interest were levied for late payment of said tax for the years 2006, 2007 and 2008. In fact, Codere Network S.p.A. was assessed as having overpaid PREU in the years 2004 to 2007 and recognised a receivable from the AAMS, the Italian gaming authority, in the amount of 3.31 million euros. Offsetting PREU due for the months of January and February 2008 (accepted by the AAMS), the resulting credit in Codere Network's favour totalled 2.35 million euros.

Following settlement of PREU for 2008, from an initial balance of 2.35 million euros, the AAMS recognised a new credit in the amount of 3.56 million euros.

On 28 December 2011 the AAMS issued a preliminary assessment for PREU 2009, recognising a credit in favour of Codere Network S.p.A. of 3.91 million euros. This amount has not been recognised in the balance sheet as it is the company's policy to recognise such assets when so advised by the AAMS.

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

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On 10 May 2007 Lazio's Regional Court of Auditors (Corte dei Conti) requested the management of the AAMS and all gaming concession holders, including Codere Network S.p.A. to present evidence concerning the following matters:

- (a) Failure to implement the IT network in the timeframe set. This failure was originally quantified at 0.48 million euros.
- (b) Failure to activate the network in the timeframe set. This failure was originally quantified at 1.2 million euros.
- (c) Failure to complete the connection of the network in the timeframe set. This failure was originally quantified at 1.78 million euros.
- (d) Failure to meet minimum service level requirements. This failure was originally quantified at 3.04 billion euros.

In 2010 and 2011, the key points with regard to these non-compliances and claims by the Corte dei Conti and the AAMS are:

Claims by the AAMS:

Following a series of legal proceedings, on 12 January 2010 the Lazio Regional Administrative Court (TAR Lazio) ruled to reject the appeals lodged by Codere Network, S.p.A and upheld the fines imposed by the AAMS with regard to points (a), (b) and (c) above, but reduced the total amount to 0.67 million euros. Codere Network, S.p.A. lodged appeals against these new rulings with the State Council. On 25 April 2011 this body ruled that the aforementioned fines imposed by the AAMS were invalid.

With respect to the proceedings concerning the non-compliance detailed in point (d), concession holders were notified of the fines in February 2011, with the fine applicable to Codere Network, S.p.A. totalling 2.73 million euros. Codere lodged an appeal on the grounds that the technical data were incorrect. At the date of these consolidated annual accounts, the AAMS had not responded to the appeal presented by Codere. The guarantees presented by the Company in order to operate had been recorded as provisions in previous financial years (note 18). Furthermore, on the basis of reports by its legal advisers, the Group's Directors consider that the amounts provisioned at 31 December 2011 and 2010 in respect of this matter, totalling 12.0 million euros and 11.85 million euros, respectively, are sufficient.

Claims by the Corte dei Conti

Following a series of legal proceedings, on 11 October 2010 the Corte dei Conti issued ruling 2152/2010 ordering the company Digit S.p.A (a non-profit public body) to carry out a technical study into the problems encountered by the concession holders regarding activating the IT network (lack of telephone lines, the actions of the managers, etc.) and the technical deficiencies of AAMS's central system in terms of the service that should be provided by the concession holders.

The ruling, which gave Digit S.p.A six months to carry out the study, contained the following main points:

- The Court rejected the tax authority's valuation of the non-compliance of 3.043 billion euros.
- It rejected the bid by the concession holders (including Codere Network S.p.A) to have the claim declared void.

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On 10 October 2011, Digit S.p.A presented an assessment report to the Corte dei Conti indicating that the concession holders were not liable to pay the amount claimed by the tax authority.

On 17 February 2012 the Lazio Regional Office of the Italian Court of Auditors (Corte dei Conti) issued a preliminary ruling against 10 Italian concession holders of gaming machine networks in respect of proceedings launched in 2007. Under this ruling, fines totalling approximately 2.5 billion euros were imposed on all the concession holders, of which 115 million euros, plus interest, corresponded to the Codere Group subsidiary, Codere Network S.p.A. (note 28). On the basis of reports by its legal advisers, the Group's Directors consider that the amounts provisioned at 31 December 2011 and 2010, stated above, are sufficient.

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f) Modification of the Agreement for the Codere Network Concession

On 27 January 2009 the "Atto aggiuntivo ed integrativo alla Convenzione di concessione" between Codere Network, S.p.A. and the Italian regulatory body, the AAMS (Amministrazione Autonoma dei monopoli di Stato), was signed, modifying the concession fee of 0.8% on gaming revenues paid since 1 January 2007 by Codere Network, S.p.A. Under the modification, 0.3% of the amount payable corresponds to concession fees and the remaining 0.5% is paid into a temporary deposit to be returned to the concession holders in accordance with rules relating to investment levels in the network and service levels achieved.

The Codere Group estimates that it will recover 96.5% of the 0.5% fee paid in 2011 and therefore recognised a current asset at 31 December 2011 under "Other loans and investments" of 3.93 million EUROS and a provision for the non-recoverable amount of 0.24 million euros under "Provisions".

In final settlement of the fee for 2010, on 30 June 2011 Codere Network S.p.A. received 3.95 million euros compared with the asset recognised at 31 December 2010 of 3.85 million euros.

In final settlement of the fee for 2010, on 7 June 2011 the AAMS paid Codere Network S.p.A. 3.14 million euros compared with the asset recognised at 31 December 2009 of 3.15 million euros.

On 23 March 2010 a modification to the concession agreement between the AAMS and Codere Network S.p.A. was signed ("Atto aggiuntivo alla Convenzione di Concessione") regulating a new format of gaming machine, Videolotteries (VLT).

5. Segment reporting

Operating segments are determined on the basis of the reporting used to make strategic decisions. The Group segments the businesses according to 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. Nevertheless, on occasions different types of operation converge within the same business line, as gaming machines are also installed in bingo halls and casinos.

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.

Following a number of regulatory and strategic changes in Spain and Italy which allow different gaming products to be offered in the same location (such as permits to place betting terminals in bars in the Basque Country and Navarra, electronic poker and roulette machines in gaming halls, electronic bingo terminals in bingo halls, videolotteries, etc), the Group decided from 2011 to unify its Gaming Machine, Bingo and Sports Betting businesses in Spain and its Gaming Machines and Bingo businesses in Italy, integrating their financial and operating structures into a single unit organised and managed for the whole of Spain or Italy, respectively.

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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 halls, including electronic bingo terminals and gaming machines through a partnership agreement with the Caliente Group (modified in March 2011 with Codere acquiring control of the operators, see note 6) and through investments in the ICELA Group (joint venture with Corporación Interamericana de Entretenimiento, S.A. de C.V.(CIE)). Codere also operates betting agencies in partnership with CIE, together with the Las Américas racetrack and the Centro Banamex conference building.
- Argentina: bingo halls with gaming machines.
- Colombia: gaming machines, bingo halls and casinos.
- Uruguay: racetracks, gaming machines and betting agencies.
- Panama: racetracks, gaming machines, casinos and betting agencies.
- Brazil: betting agencies.
- Head offices: management and operational support services.

As a result of the regulatory and strategic changes described above, the figures for 2010 have been restated for purposes of comparability.

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a) Operating segments

Consolidated Income Statement 2011	Spain	Mexico	Argentina	Colombia	Italy	Uruguay	Brazil	Panama	Head offices	Internal transactions (*)	Total
Operating revenue											
Revenues from external customers	165,726	291,409	553,185	28,857	224,230	20,279	3,562	87,067	18	-	1,374,333
Intra-segment revenues	-	-	-	-	-	-	-	-	40,585	(40,585)	-
	165,726	291,409	553,185	28,857	224,230	20,279	3,562	87,067	40,603	(40,585)	1,374,333
Operating expenses											
Depreciation and amortisation	(33,504)	(35,041)	(17,230)	(3,933)	(15,093)	(2,404)	(723)	(15,748)	(1,938)	-	(125,614)
Changes in trade provisions	(3,524)	-	-	549	5,214	-	-	-	(127)	-	2,112
Other operating expenses	(144,089)	(215,559)	(371,795)	(22,730)	(177,318)	(16,311)	(4,469)	(68,148)	(68,350)	-	(1,088,769)
	(181,117)	(250,600)	(389,025)	(26,114)	(187,197)	(18,715)	(5,192)	(83,896)	(70,415)	-	(1,212,271)
Profit/loss on retirement or disposal of assets	(1,366)	(66)	2	30	(24)	-	-	(1)	(15)	-	(1,440)
Intra-segment expenses	(6,096)	(14,070)	(16,227)	(208)	(2,616)	(75)	-	(1,293)	-	40,585	-
OPERATING PROFIT/(LOSS)	(22,853)	26,673	147,935	2,565	34,393	1,489	(1,630)	1,877	(29,827)	-	160,622
External financial income	1,581	8,706	307	59	543	79	32	357	5,226	-	16,890
Intra-segment financial income	-	-	-	-	-	-	-	-	27,525	(27,525)	-
External financial expenses	(3,973)	(6,886)	(2,302)	(275)	(1,786)	(959)	(94)	(1,271)	(68,940)	-	(86,486)
Intra-segment financial expenses	824	(20,090)	(1,028)	31	(4,215)	20	(2,308)	(759)	-	27,525	-
Net gains/(losses) on exchange	(1)	(2,369)	620	(30)	-	(977)	(247)	194	5,955	-	3,145
NET FINANCIAL INCOME/(EXPENSE)	(1,569)	(20,639)	(2,403)	(215)	(5,458)	(1,837)	(2,617)	(1,479)	(30,234)	-	(66,451)
PROFIT BEFORE TAXES	(24,422)	6,034	145,532	2,350	28,935	(348)	(4,247)	398	(60,061)	-	94,171
Corporate income tax	4,559	(10,289)	(47,405)	(252)	(5,665)	3,779	(325)	174	(2,956)	-	(58,380)
PROFIT/(LOSS) FOR THE YEAR	(19,863)	(4,255)	98,127	2,098	23,270	3,431	(4,572)	572	(63,017)	-	35,791
CONSOLIDATED PROFIT / (LOSS)	(19,863)	(4,255)	98,127	2,098	23,270	3,431	(4,572)	572	(63,017)	-	35,791
Attributable to:											
External shareholders	(1,634)	(13,242)	601	54	1,905	(1,033)	-	(3,012)	-	-	(16,361)
Equity holders of the Parent Company	(18,229)	8,987	97,526	2,044	21,365	4,464	(4,572)	3,584	(63,017)	-	52,152
CONSOLIDATED PROFIT/(LOSS)	(19,863)	(4,255)	98,127	2,098	23,270	3,431	(4,572)	572	(63,017)	-	35,791

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

Consolidated Income Statement 2010	Spain	Mexico	Argentina	Colombia	Italy	Uruguay	Brazil	Panama	Head offices	Internal	Total
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CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
(Thousands of euros)

	transactions (*)										
Operating revenue											
Revenues from external customers	198,978	219,326	461,028	27,442	137,464	16,932	2,900	62,208	231	-	1,126,509
Intra-segment revenues	-	-	-	-	-	-	-	-	31,958	(31,958)	-
	198,978	219,326	461,028	27,442	137,464	16,932	2,900	62,208	32,189	(31,958)	1,126,509
Operating expenses											
Depreciation and amortisation	(35,984)	(19,161)	(16,829)	(3,523)	(9,089)	(1,909)	(713)	(10,280)	(2,318)	-	(99,806)
Changes in trade provisions	(2,003)	-	-	(45)	985	-	-	-	35	-	(1,028)
Other operating expenses	(150,403)	(143,109)	(314,671)	(21,735)	(122,149)	(13,723)	(4,991)	(57,817)	(56,856)	-	(885,454)
	(188,390)	(162,270)	(331,500)	(25,303)	(130,253)	(15,632)	(5,704)	(68,097)	(59,139)	-	(986,288)
Profit/loss on retirement or disposal of assets	3,178	268	51	104	(176)	-	-	(10)	86	-	3,501
Intra-segment expenses	(6,599)	(12,596)	(10,553)	(336)	(1,398)	(34)	-	(305)	(137)	31,958	-
OPERATING PROFIT/(LOSS)	7,167	44,728	119,026	1,907	5,637	1,266	(2,804)	(6,204)	(27,001)	-	143,722
External financial income	687	6,109	203	26	390	58	23	476	676	-	8,648
Intra-segment financial income	-	-	-	-	-	-	-	-	29,842	(29,842)	-
External financial expenses	(3,130)	(7,928)	(1,340)	(665)	(318)	(606)	(54)	(627)	(63,237)	-	(77,905)
Intra-segment financial expenses	139	(21,538)	(821)	32	(4,463)	(233)	(2,152)	(806)	-	29,842	-
Net gains/(losses) on exchange	(16)	1,311	846	14	(1)	(66)	(308)	212	(980)	-	1,012
NET FINANCIAL INCOME/(EXPENSE)	(2,320)	(22,046)	(1,112)	(593)	(4,392)	(847)	(2,491)	(745)	(33,699)	-	(68,245)
PROFIT BEFORE TAXES	4,847	22,682	117,914	1,314	1,245	419	(5,295)	(6,949)	(60,700)	-	75,477
Corporate income tax	(3,245)	(6,698)	(40,029)	253	1,028	463	(394)	779	2,484	-	(45,359)
PROFIT/(LOSS) FOR THE YEAR	1,602	15,984	77,885	1,567	2,273	882	(5,689)	(6,170)	(58,216)	-	30,118
Profit/(loss) from discontinued operations	-	-	-	-	1,323	-	-	-	-	-	1,323
CONSOLIDATED PROFIT / (LOSS)	1,602	15,984	77,885	1,567	3,596	882	(5,689)	(6,170)	(58,216)	-	31,441
Attributable to:											
External shareholders	519	(322)	932	144	368	-	-	469	-	-	2,110
Equity holders of the Parent Company	1,083	16,306	76,953	1,423	3,228	882	(5,689)	(6,639)	(58,216)	-	29,331
CONSOLIDATED PROFIT/(LOSS)	1,602	15,984	77,885	1,567	3,596	882	(5,689)	(6,170)	(58,216)	-	31,441

(*) 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 ACCOUNTS
(Thousands of euros)

Balance at 31 December 2011	Spain	Mexico	Argentina	Colombia	Italy	Uruguay	Brazil	Panama	Head offices	Total
Intangible assets	47,680	201,727	23,167	101	49,034	746	1,414	34,714	3,000	361,583
Property, plant and equipment	62,497	212,746	79,419	22,661	25,911	45,359	1,356	27,983	1,692	479,624
Goodwill on consolidation	99,862	72,507	43,309	-	63,661	-	-	27,154	-	306,493
Non-current financial assets	7,608	42,529	547	8	7,363	1,405	-	4,024	4,090	67,574
Deferred tax asset	9,068	11,336	1,301	901	11,035	5,020	-	1,429	8,445	48,535
Other non-current assets	-	-	-	-	-	-	-	-	228	228
Current assets	33,184	104,047	57,321	5,655	52,844	11,884	1,327	16,219	19,000	301,481
TOTAL ASSETS	259,899	644,892	205,064	29,326	209,848	64,414	4,097	111,523	36,455	1,565,518
Deferred income	-	-	-	-	-	-	-	-	540	540
Provisions	646	18,146	6,140	60	16,697	-	16	1,971	543	44,219
Long-term payables	27,208	108,949	9,503	821	29,115	10,858	-	25,876	748,481	960,811
Current liabilities	74,238	122,652	59,645	8,494	52,207	11,186	2,124	18,153	44,552	393,251
TOTAL EQUITY AND LIABILITIES	102,092	249,747	75,288	9,375	98,019	22,044	2,140	46,000	794,116	1,398,821
OTHER INFORMATION										
Investments in property, plant and equipment	23,302	20,855	26,220	6,788	8,587	19,542	246	7,336	1,353	114,229
Intangible assets	4,424	0	265	0	4,031	54	49	1,701	1,187	11,711
Property, plant and equipment	18,878	20,855	25,955	6,788	4,556	19,488	197	5,635	166	102,518
Expenses that do not represent cash outflows	3,218	8,232	1,748	47	(395)	99	300	9	15	13,273

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ACCOUNTS
(Thousands of euros)

Balance at 31 December 2010	Spain	Mexico	Argentina	Colombia	Italy	Uruguay	Brazil	Panama	Head offices	Total
Intangible assets	58,230	100,469	27,331	84	37,396	854	1,827	39,154	3,122	268,467
Property, plant and equipment	65,856	179,398	71,503	17,327	25,688	17,274	1,682	30,277	2,192	411,197
Goodwill on consolidation	106,632	42,579	45,885	-	63,387	-	-	26,467	-	284,950
Non-current financial assets	10,266	183,871	552	1	10,980	699	-	5,742	5,480	217,591
Deferred tax asset	6,698	7,011	1,690	766	10,597	846	308	832	8,446	37,194
Other non-current assets	-	9	-	-	-	-	-	-	246	255
Current assets	37,906	63,568	36,056	4,199	39,854	7,123	350	12,975	21,573	223,604
TOTAL ASSETS	285,588	576,905	183,017	22,377	187,902	26,796	4,167	115,447	41,059	1,443,258
Deferred income	13	-	-	-	-	-	-	-	531	544
Provisions	658	2,442	7,781	106	15,741	-	34	1,969	922	29,653
Long-term payables	38,932	88,747	6,895	669	30,269	3,440	(16)	21,632	750,826	941,394
Current liabilities	68,107	103,919	43,904	5,196	42,463	5,156	4,591	16,397	36,752	326,485
TOTAL EQUITY AND LIABILITIES	107,710	195,108	58,580	5,971	88,473	8,596	4,609	39,998	789,031	1,298,076
OTHER INFORMATION										
Investments in property, plant and equipment	27,378	21,552	29,392	2,954	17,701	6,022	199	3,621	174	108,993
Intangible assets	7,666	0	813	0	14,219	271	9	629	316	23,923
Property, plant and equipment	19,712	21,552	28,579	2,954	3,482	5,751	190	2,992	(142)	85,070
Expenses that do not represent cash outflows	6,496	12,195	394	179	1,142	83	445	2	804	21,740

(*) The balances at 31 December 2010 were restated as a result of the final accounting for business combinations recognised during 2010.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Thousands of euros)

6. Business combinations and changes in the scope of consolidation

a) Business combinations

a.1) 2011

a.1.1.) Entities of the Caliente Group

On 16 July 2010 the Group signed a new agreement with the Caliente Group ("Caliente") restructuring the contractual arrangements between the two groups to that date. Caliente is the Mexican group to which Codere has provided gaming establishment management services and financing for the development of gaming establishments since 1997.

Under the new agreement:

- (i) Codere would acquire, following authorisation from the Mexican Federal Competition Commission ("Cofeco") a 67.3% holding in the following Caliente Group companies Grupo Caliente, S.A.P.I. de C.V. and Jomaharho, S.A.P.I. de C.V., the holding or controlling companies of three companies which hold gaming permits or which own permit holding companies: Libros Foráneos, S.A. de C.V., Operadora de Espectáculos Deportivos, S.A. de C.V. and Operadora Cantabria, S.A. de C.V.
- (ii) Codere would sell to Caliente, following authorisation from Cofeco, a 32.7% holding in the company Promojuegos de México, S.A. de C.V. and 7.2% of Mio Games, S.A. de C.V., going on to acquire a further 17.3% of Grupo Inverjuego S.A.P.I de C.V., owner of the aforementioned entities. Codere would continue managing said companies under a new service contract terminating in 2014 for an annual maximum service fee of USD 7.6 million.
- (iii) Service contracts with Caliente in force up to the date of the new agreement were terminated on 1 July 2010 on which date the new service contracts between Codere and the three permit holding companies came into force. The fees payable under the new service contracts total a maximum of USD 36 million per year to 2014, plus USD 1 million per month from 1 July 2010 until (a) approval is received from Cofeco or (b) 31 December 2010, whichever occurs first. Earlier contracts, under which Codere would construct or renovate gaming establishments and sell them at cost price to Caliente, payable over five years, would also be terminated on 1 July 2010.
- (iv) Codere would finance the payment of up to USD 75 million of the permit holding companies' debts with third parties through a credit policy of up to USD 100 million.
- (v) The agreement includes the following options:
 - a. Codere grants Caliente the option to acquire its 67.3% holding (the option does not allow it to acquire a lower percentage) in Grupo Caliente, S.A.P.I. de C.V. and Jomaharho, S.A.P.I. de C.V. The exercise price of said option is USD 621 million and is exercisable up to 31 December 2013, subject to the cancellation of all Caliente's outstanding debts with Codere. If Caliente's shareholders exercise said option, Codere will have the option to buy all the shares of Promojuegos, S.A. de C.V. and Mio Games, S.A. de C.V. held by Caliente.

Codere's directors consider that this option will not be exercised given that the exercise price is significantly higher than the market value of the shares.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Thousands of euros)

- b. Codere grants Caliente the option to acquire a 7.3% holding in the companies Grupo Caliente, S.A.P.I. de C.V., Jomaharho, S.A.P.I. S.A. de C.V., and Grupo Inverjuego S.A.P.I. de C.V. This option may be exercised up to 30 June 2015 and in tranches of no less than USD 5.5 million. Caliente in turn recognises Codere's right to sell, on or after 30 June 2015, those shares which have not been acquired by Caliente in the exercise of the aforementioned purchase option. The exercise price of both options will be the result of dividing USD 27 million by the number of shares included in the option, plus interest accrued, less the proportional part of the dividends distributed from the signing of the agreement to the exercise date.

Codere's directors have valued its sale option at the acquisition date at 7.62 million euros given that the exercise price is significantly higher than the market value.

On 7 March 2011 Cofeco notified Codere of its approval of the agreements with Caliente. This approval, subject to the presentation by Codere within 30 days of certain documentation, came into effect on 31 March 2011, this being the date on which Codere acquired the Caliente companies and took control of their operations.

Codere expects to increase its presence in the Mexican market through these acquisitions.

Goodwill of 35.5 million euros comprises principally the synergies and economies of scale expected from the integration of Codere's operations and those of the Caliente entities acquired. None of the goodwill recognised is expected to be deductible for the purposes of corporate income tax.

On the basis of prior agreements, Caliente's debts with Codere at the date of said agreements were restructured, 61.5 million euros in debt being swapped for shares in the holding companies of the permit holding companies.

The Caliente Group has also pledged its shares in the controlling companies to Codere in guarantee of amounts owed to Codere.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Thousands of euros)

The consideration paid, the fair value of the assets and liabilities acquired, as valued by an independent expert, and the non-controlling interest acquired at the acquisition date are detailed in the following table:

	Thousands of euros
Fair value of part of Caliente's pre-existing debt with Codere	61,471
Fair value of the equity instruments transferred (*)	282
Consideration at the acquisition date	61,753
Recognised value of the identifiable assets acquired and liabilities assumed	
Cash	2,455
Intangible assets - licences	109,757
Intangible assets - Right to use the Caliente brand	16,649
Property, plant and equipment	59,690
Deferred tax assets	9,049
Other non-current assets	34,010
Other current assets	33,944
Non-current liabilities	(103,663)
Non-current provisions	(15,738)
Deferred tax liabilities	(42,656)
Current liabilities	(64,197)
Total identifiable net assets	39,300
Non-controlling interests	(12,851)
Goodwill	35,304
Total	61,753

(*) 32.7% of Promojuegos de México, S.A. de C.V. and 7.2% of Mio Games, S.A.

Acquisition costs of 1.12 million euros were taken to operating expenses in the 2010 consolidated income statement.

The fair value of other non-current assets includes the value of the option to sell up to 7.3% of Codere's shareholding to Caliente for 7.62 million euros.

The fair value of other current assets of 33.94 million euros includes receivables from customers whose fair value totals 5.90 million euros, which are expected to be received in full.

The fair value of the intangible assets acquired (licences and rights to use the Caliente brand) of 126.4 million euros is derived from a valuation by an independent expert.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Thousands of euros)

The non-controlling interests have been recognised on the basis of the proportional part of the identifiable net assets of the acquired entities.

The revenues contributed by the acquirees from 31 March 2011, and which have been included in the consolidated income statement, total 114.22 million euros. Said companies have contributed a loss of 18.34 million euros in the same period.

a.1.2) Gap Games, S.r.l

On 13 May 2011, Codere acquired 51% of the shares of Italian company Gap Games S.r.l. for 4.84 million euros. Codere expects to increase its presence in the Italian market through this acquisition.

The consideration paid, the fair value of the assets and liabilities acquired and the non-controlling interest are detailed in the table below:

	Thousands of euros
Cash	3,637
Contingent consideration	1,200
Total consideration paid at the acquisition date	4,837
Recognised value of the identifiable assets acquired and liabilities assumed	
Cash	982
Intangible assets - trade relationships	12,316
Property, plant and equipment	1,898
Deferred tax assets	64
Other non-current assets	150
Other current assets	257
Non-current liabilities	(102)
Deferred tax liabilities	(4,003)
Current liabilities	(2,446)
Total identifiable net assets	9,116
Non-controlling interests	(4,467)
Goodwill	188
Total	4,837

Acquisition costs of 0.03 million euros were taken to operating expenses in the 2011 consolidated income statement.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Thousands of euros)

The contingent consideration agreement requires Codere to pay to the former shareholders in June 2012 a variable amount based on the operating results before amortisation and depreciation for the period June 2011 to May 2012. The amount payable, without discounting said payment, would be a maximum of 1.2 million euros. The fair value of the contingent consideration has been estimated on the assumption that the probability of payment occurring is 100%.

The fair value of the intangible assets acquired is based on valuations of the company's trading relationships totalling 12.32 million euros.

The non-controlling interests have been recognised on the basis of the proportional part of the identifiable net assets of the acquired entity.

The revenues contributed by the acquiree from 13 May 2011, and which have been included in the consolidated income statement, total 16.35 million euros. Said company has contributed a profit of 0.85 million euros in the same period.

a.1.3) Gaming Services, S.r.l. and Gaming Re, S.r.l.

On 19 July 2011, Codere acquired 75% of Italian company Gaming Services, S.r.l., and its subsidiary Gaming Re, S.r.l. for 385 euro thousand. Codere expects to increase its presence in the Italian market through this acquisition.

The consideration paid, the fair value of the assets and liabilities acquired and the non-controlling interest are detailed in the table below:

	Thousands of euros
Cash	385
Contingent consideration	-
Total consideration paid at the acquisition date	385
Recognised value of the identifiable assets acquired and liabilities assumed	
Cash	3,437
Intangible assets (including trade relationships)	2,340
Property, plant and equipment	2,030
Other non-current assets	63
Other current assets	3,675
Non-current liabilities	(4,911)
Deferred tax liabilities	(748)
Current liabilities	(5,490)
Total identifiable net assets	396
Non-controlling interests	(99)
Goodwill	88

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Thousands of euros)

Total

385

Acquisition costs taken to operating expenses in the 2011 consolidated income statement were not material.

The fair value of other current assets of 3.67 million euros includes receivables whose fair value totals 2.70 million euros. The gross amount of receivables past due from customers totals 2.41 million euros, of which 0.26 million euros are unlikely to be paid.

The fair value of the intangible assets acquired is based on valuations carried out of the company's trading relationships totalling 2.3 million euros.

The non-controlling interests have been recognised on the basis of the proportional part of the identifiable net assets of the acquired entities.

The revenues contributed by the acquirees from 19 July 2011, and which have been included in the consolidated income statement, total 11.82 million euros. Said companies have contributed a profit of 0.51 million euros in the same period.

a.2) 2010

In accordance with paragraph 49 of IFRS 3, the comparative information provided for 2010 has been restated to reflect the business combinations recognised in relation to the acquisitions of International Thunderbird Gaming (Panama) Corporation, King Bingo, S.r.l., King Slot, S.r.l. and FG Slot Services, S.r.l.

The initial accounting information available for these companies was incomplete and was restated once final valuations were obtained for the consideration transferred and the assets and liabilities acquired.

The main adjustments were to reflect the higher valuation of the identifiable intangible assets of said business combinations and to recognise the deferred taxes associated with this valuation.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Thousands of euros)

The effects of restating these amounts in the balance sheet at 31 December 2010 are:

	Thousands of euros		
	At 31 December 2010		
	Restated	Audited	Difference
Intangible assets	268,467	244,762	23,705
Property, plant and equipment	411,197	411,197	
Goodwill	284,950	289,544	(4,594)
Financial assets	217,591	217,591	
Deferred tax assets	37,194	37,194	-
Other non-current assets	255	255	-
Current assets	223,604	223,604	-
Total assets	1,443,258	1,424,147	19,111
Equity attributable to the equity holders of the Parent Company	106,404	106,404	-
Non-controlling interests	38,778	26,631	12,147
Deferred income	544	544	-
Non-current provisions	29,653	30,253	(600)
Short-term payables	891,056	891,056	-
Deferred tax liabilities	50,338	42,774	7,564
Current liabilities	326,485	326,485	-
Total liabilities	1,443,258	1,424,147	19,111

a.2.1) Final accounting for the acquisition of 63.63% of International Thunderbird Gaming (Panama) Corporation

The agreement signed with Thunderbird Resorts Inc. on 15 March 2010 to acquire said company's 63.63% holding in Thunderbird Gaming (Panama) Corporation ("Thunderbird") was finalised on 19 August 2010, the approval of the Panamanian authorities having been granted. Thunderbird operates six casinos in Panama under the "Fiesta" brand.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Thousands of euros)

The provisional and final considerations recognised are detailed in the table below, together with the fair value of the assets and liabilities acquired, goodwill and non-controlling interests.

	Thousands of euros		
	Final value	Provisional value	Difference
Cash	30,939	30,939	-
Contingent consideration	-	-	-
Total consideration paid at the acquisition date	30,939	30,939	-
Recognised value of the identifiable assets acquired and liabilities assumed			
Intangible assets - licences and rights to use the Fiesta brand	39,203	26,807	12,396
Property, plant and equipment	19,871	19,871	-
Cash	5,226	5,226	-
Non-current liabilities	(12,160)	(12,160)	-
Deferred tax liabilities	(13,436)	(9,553)	(3,883)
Current liabilities	(5,966)	(5,966)	-
Total identifiable net assets	32,738	24,225	8,513
Non-controlling interests	(11,922)	(2,099)	(9,823)
Goodwill	10,123	8,813	1,310
Total	30,939	30,939	-

The fair value of the intangible assets acquired was determined on the basis of reports by an independent expert and comprises mainly licenses valued at 29.06 million euros and rights to use the "Fiesta" brand valued at 5.02 million euros.

a.2.2) Acquisition of 75% of King Bingo, S.r.l. and King Slot, S.r.l.

On 27 September 2010, Codere acquired 75% of Italian companies King Bingo, S.r.l. and King Slot, S.r.l. for 7.04 million euros. This amount includes 0.75 million euros paid by Codere in November 2011 to the former shareholders of said entities for its commitment to acquire an additional 8% of the shares of the same.

Codere expects to increase its presence in the Italian market, in the region of Caserta, through this acquisition. Goodwill of 3.35 million euros comprises principally the synergies and economies of scale expected from the integration of Codere's operations and those of the entities acquired. None of the goodwill recognised is expected to be deductible for the purposes of corporate income tax.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Thousands of euros)

The provisional and final considerations recognised are detailed in the table below, together with the fair value of the assets and liabilities acquired, goodwill and non-controlling interests.

	Thousands of euros		
	Final value	Provisional value	Difference
Cash	5,316	5,316	-
Contingent consideration	1,723	1,723	-
Total consideration paid at the acquisition date	7,039	7,039	-
Recognised value of the identifiable assets acquired and liabilities assumed			
Cash	124	124	-
Intangible assets (including licences)	7,654	1,185	6,469
Property, plant and equipment	2,215	2,215	-
Deferred tax assets	4	4	-
Other current assets	57	57	-
Non-current liabilities	(41)	(41)	-
Deferred tax liabilities	(2,102)	-	(2,102)
Current liabilities	(2,991)	(2,991)	-
Total identifiable net assets	4,920	553	4,367
Non-controlling interests	(1,230)	(138)	(1,092)
Goodwill	3,349	6,624	(3,275)
Total	7,039	7,039	-

In the annual accounts for 2010 the carrying amount of the identifiable net assets was taken as their provisional value.

The contingent consideration agreement required Codere to pay to the former shareholders in November 2011 a variable amount based on the operating results (before amortisation and depreciation) for the period May to October 2011 generated from the operation of the premises annexed to the bingo hall leased by King Slot, S.r.l. The amount payable, without discounting said payment, would be a maximum of 1.72 million euros. The fair value of the contingent consideration has been estimated on the assumption that the probability of payment occurring is 100%. Part of said contingent consideration was paid in November 2011, the outstanding amount of 874 thousand will be settled in May 2012.

The final fair value of the intangible assets acquired based on the valuation carried out includes licenses valued at 6.47 million euros.

a.2.3) Final accounting for the acquisition of 55% of FG Slot Services, S.r.l.

On 3 December 2010, Codere acquired 55% of the shares of Italian company FG Slot Services S.r.l. for 3.73 million euros. This amount includes a deferred payment of 0.60 million euros which was paid in 2011.

CODERE, S.A. AND SUBSIDIARIES
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(Thousands of euros)

Codere expects to increase its presence in the Italian market through this acquisition. Goodwill of 1.6 million euros comprises principally the synergies and economies of scale expected from the integration of Codere's operations in Italy and those of the entity acquired. None of the goodwill recognised is expected to be deductible for the purposes of corporate income tax.

The provisional and final considerations recognised are detailed in the table below, together with the fair value of the assets and liabilities acquired, goodwill and non-controlling interests.

	Thousands of euros		
	Provisional value	Provisional value	Difference
Cash	3,728	3,728	-
Contingent consideration	-	600	(600)
	3,728	4,328	(600)
Recognised value of the identifiable assets acquired and liabilities assumed			
Cash	1,129	1,129	-
Intangible assets	5,328	-	5,328
Property, plant and equipment	880	880	-
Other non-current assets	1	1	-
Other current assets	157	157	-
Deferred tax liabilities	(1,732)	-	(1,732)
Current liabilities	(1,893)	(1,893)	-
Total identifiable net assets	3,870	274	3,596
Non-controlling interests	(1,742)	(123)	(1,619)
Goodwill	1,600	4,177	(2,577)
Total	3,728	4,328	(600)

In the annual accounts for 2010 the carrying amount of the identifiable net assets was taken as their provisional value.

Under a contingent consideration agreement Codere is obliged to effect a cash payment in April 2012 to the former shareholders of the entity of a maximum amount of 0.60 million euros, provided the operating results reported by FG Slot Services, S.r.l. for 2011 exceed certain parameters. No amount has been recognised as the fair value of the contingent consideration as the likelihood of said parameters being met is considered to be zero.

The fair value of the intangible assets acquired is based on a valuation carried out of the company's trading relationships totalling 5.33 million euros.

The non-controlling interests have been recognised on the basis of the proportional part of the identifiable net assets of the acquired entities.

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b) Changes in the scope of consolidation

b.1) 2011

The main changes in the scope of consolidation in the year are as follows:

- On 27 January 2011, the Group sold its holding in Recreativos Cósmicos S.L., generating a loss of 0.26 million euros.
- The company Codere Apuestas Valencia S.A.U. was incorporated on 17 February 2011.
- The following transactions were completed on 31 March 2011 (see note 6.a):
 - o The Group acquired 67.3% of the companies Jomaharho, S.A. de C.V. and Grupo Caliente, S.A. de C.V. These two companies hold 100% of the shares in a further three entities, Operadora Cantabria, S.A. de C.V., Libros Foráneos, S.A. de C.V. and Operadora de Espectáculos Deportivos, S.A. de C.V. (henceforth the "Joint Opcos").
 - o The Group's holdings in the following Mexican companies have changed: in Grupo Inverjuego S.A.P.I. de C.V. from 50% to 67.3%, in Promojuegos de México S.A. from 99.99% to 67.3%, and in Mio Games S.A. de C.V. from 74.3% to 67.3%.
- The company Codere Apuestas Aragón, S.L. was incorporated on 3 May 2011.
- On 13 May 2011, the Group acquired 51% of the Italian company Gap Games, S.r.l. (note 6.a).
- On 19 July 2011, the Group acquired 75% of the Italian company Gaming Services, S.r.l. This company in turn holds 100% of the company Gaming Re, S.r.l. (note 6.a).
- The company Codere Interactive, Inc. was incorporated on 8 August 2011.
- On 30 September 2011, a new agreement was signed between the Codere Group and the holder of a non-controlling interest in Carrasco Nobile, S.A. under which the Group acquired control of the company. As a result of said agreement, the company is now fully consolidated, having formerly been accounted for using the equity method. The percentage held in 2011 and 2010 is 51%.
- On 17 November 2011, the Group increased its holding in the company Superpik, S.L. from 79.93% to 100%. The cost of this increase was 0.60 million euros.
- On 17 November 2011, the Group sold its 50% holding in the company Mepe, S.A., generating a gain of 0.03 million euros.
- The company Codere Online S.A. was incorporated on 29 November 2011. Its corporate purpose is the organisation, sale and operation of games.

CODERE, S.A. AND SUBSIDIARIES
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- On 1 December 2011, Codere S.A. increased its holding in the company Desarrollo Online de Juegos Regulados from 85% to 100%. The cost of this increase was 1.0 million euros.

The merger by takeover of Argentine company Hípica Rioplatense, S.A. by Codere Argentina, S.A. took place in 2011.

If the acquisitions carried out in 2011 had taken place before 1 January, these companies would have contributed total operating income for the year of approximately 200 million euros and generated a loss of 29 million euros.

The impact on equity of increasing the Group's holdings in companies which it already controlled totalled 1.49 million euros in 2011.

b.2) 2010

The main changes in the scope of consolidation in the year are as follows:

- On 11 January 2010, the Group acquired 100% of Powelton Company Inc., holder of rights to acquire 63.63% of Panamanian company International Thunderbird Gaming (Panamá) Corporation for 1.19 million euros.
- On 20 January 2010, Codere, S.A. increased its holding in Codere Apuestas España, S.L.U. from 50% to 100%, thereby increasing its holdings in Codere Apuestas, S.A.U. from 50% to 100% and in Garaipen Victoria Apustuak, S.L. from 35.01% to 69.425%. This increase resulted in the recognition of non-controlling interests totalling 1.26 million euros, the Apuestas Group companies now being fully consolidated. On 25 May 2010, Codere Apuestas España, S.L.U. increased its holding in Garaipen Victoria Apustuak, S.L. from 69.425% to 73.7%.
- On 26 January 2010, the Group sold its holding in the company 2010-S-Matic, S.L.U.
- On 24 March 2010, Codere S.A. increased its holding in the company Desarrollo Online de Juegos Regulados, S.A. from 25% to 85%. The cost of this increase was 0.60 million euros. The company was fully consolidated in 2010.
- Mexican companies Juegamax de las Américas, S.A. de C.V. and Administradora Mexicana de Hipódromo, S.A. de C.V. II Asociación en Participación were incorporated on 16 and 21 June, respectively. Their principal corporate purpose is the operation of all types of concessions and permits for gaming premises.
- The company Codere Apuestas Navarra S.A.U. was incorporated on 22 June 2010.
- On 2 July 2010, Dutch company Hegelhof Associates, B.V. was dissolved.
- On 30 July 2010, the Group increased its holding in Panamanian company Hípica de Panamá, S.A. from 90% to 100% for the amount of 0.81 million euros.
- On 19 August 2010, the relevant Panamanian government bodies issued the authorisations required for the Group to acquire International Thunderbird Gaming (Panamá) Corporation, for the amount of 25.86 million euros. The purchase agreement included a no-competition clause for a period of three years acquired by the Codere Group for 3.89 million euros. This company operates six casinos in Panama.

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- On 27 September 2010, Codere acquired 75% of Italian companies King Bingo, S.r.l. and King Slot, S.r.l. for 3.88 million euros and 3.16 million euros, respectively.
- The company Codere Interattiva Italia S.r.l. was incorporated on 11 November 2010.
- On 3 December 2010, the Group acquired 55% of the Italian company FG Slot Services, S.r.l.
- The Mexican company Impulsora Recreativo de Entretenimiento, S.A. de C.V. was incorporated on 24 November 2010.
- The Mexican company Administradora Mexicana de Hipódromo, S.A. de C.V.III Asociación en Participación. was incorporated on 3 December 2010.
- The Mexican company Hotel Entretenimiento Las Américas, S.A. de C.V. was incorporated on 7 December 2010.

The merger by takeover of Nanos, S.A. by Itapoan, S.A. took place in 2010.

If the acquisitions carried out in 2010 had taken place before 1 January, these companies would have contributed total operating income for the year of 43.8 million euros and generated a loss of 1.36 million euros.

The impact on equity of increasing the Group's holdings in companies which it already controlled totalled 1.63 million euros in 2010.

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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):

2011	Caliente Companies	Gap Games, S.R.L.	Gaming Re, S.R.L./Gaming Service, S.R.L.	Business combinations	Codere Apuesta Valencia, S.A.U. (*)	Codere Apuestas Aragón, S.L. (*)	Codere Online, S.A. (*)	Codere Interactive, Incl. (*)	Carrasco Nobile, S.A. (**)	Total
Date of acquisition/incorporation	31/03/2011	13/05/2011	19/07/2011		17/02/2011	03/05/2011	28/11/2011	08/08/2011	-	
% Acquired	67.30%	51.00%	75.00%		100%	100%	100%	100%	51%	
Consideration:	61,753	4,837	385	66,975	-	1,000	100	10		68,085
Cash/equity instruments	282	3,637	385	4,304						4,304
Contingent consideration	-	1,200	-	1,200						1,200
Pre-existing debt	61,471	-	-	61,471						61,471
Goodwill	35,304	188	88	35,965						35,965
Intangible assets	126,406	12,316	2,340	141,062					4	141,066
Property, plant and equipment	59,690	1,898	2,030	63,618					11,048	74,666
Other non-current assets	43,059	214	63	43,336					819	44,155
Current assets	33,944	257	3,675	37,876					4,330	42,206
Cash	2,455	982	3,437	6,874	60	1000	100	10	21	8,065
Equity	-	-	-	-	(60)	(1,000)	(100)	(10)	(8,881)	(10,051)
Provisions	(15,738)	-	-	(15,738)					-	(15,738)
Other non-current liabilities	(146,319)	(4,105)	(5,659)	(156,083)					-	(156,083)
Current liabilities	(64,197)	(2,446)	(5,490)	(72,133)					(7,341)	(79,474)
Total identifiable net assets	39,300	9,116	396	(48,812)	-	-	-	-	-	(48,812)
Non-controlling interests	12,851	4,467	99	17,417	-	-	-	-	9,913	27,330
Operating income from the acquisition date	114,219	16,349	11,820	142,388	-	2	-	-	13	142,403
Profit/(loss) contributed from the acquisition date	(18,336)	855	507	(16,974)	(111)	(21)	(84)	(10)	(526)	(17,726)

(*) Incorporated in the year

(**) Corresponds to a 49% increase in the company's balances at 31 December 2011 as a result of the change in consolidation method.

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	Thunderbird Gaming (Panama) Corporation	King Slot, S.L./King Bingo, S.L.	FG Slot Service S.R.L.	Restated business combinations	Codere Apuesta Navarra, S.A.	Codere Interactiva Italia S.R.L.	Juegamax de las Américas, SA de CV	Impulsora Recreativa AMH, SA de CV	Administradora Mexicana de Hipódromo, SA de CV III (1)	Hotel Entretenimiento Las Américas, S.A. de C.V.	Administradora Mexicana de Hipódromo, SA de CV II (1)
2010	(2)	(2)	(2)		(*)	(*)	(*)	(*)	(*)	(*)	(*)
Date of acquisition/incorporation	19/08/2010	27/09/2010	03/12/2010		22/06/2010	11/11/2010	16/06/2010	24/11/2010	03/12/2010	07/12/2010	21/06/2010
% Acquired	63.63%	75%	55%		100%	100%	49%	49%	49%	49%	49%
Cost	30,939	7,039	3,728	41,706	60	10	-	3	-	-	-
Cash	30,939	5,316	3,128	39,383	-	-	-	-	-	-	-
Contingent consideration	-	1,723	-	1,723							
Goodwill	10,123	3,349	1,600	15,072	-	-	-	-	-	-	-
Intangible assets	39,203	7,654	5,328	52,185	-	-	-	-	-	-	123
Property, plant and equipment	19,871	2,215	880	22,966	-	-	-	-	1,791	-	195
Other non-current assets	-	4	1	5	-	-	-	-	-	-	-
Current assets	-	57	1,286	1,343	-	7	3	6	29	3	67
Cash	5,226	124	-	5,350	60	3	3	-	-	(3)	99
Equity	-	-	-	-	(58)	(10)	(6)	(6)	-	-	-
Provisions	-	(41)	-	(41)	-	-	-	-	-	-	-
Other non-current liabilities	(25,596)	(2,102)	(1,732)	(29,430)	(2)	-	-	-	-	-	-
Current liabilities	(5,966)	(2,991)	(1,893)	(10,850)	-	-	-	-	(1,820)	-	(484)
Total identifiable net assets	32,738	4,920	3,870	41,528	-	-	-	-	-	-	-
Non-controlling interests	11,922	1,230	1,742	14,894	-	-	-	-	-	-	-
Operating income from the acquisition date	14,458	2,787	1,134	18,379	-	-	-	-	3	-	612
Profit/(loss) contributed from the acquisition date	(1,610)	102	(95)	(6,622)	(229)	(211)	-	-	(13)	-	8

(1) Joint ventures

(2) The balance at 31 December 2010 was restated as a result of the final accounting for business combinations recognised during 2010.

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7. Intangible assets

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

2011

	Thousands of euros					
	Balance at 31/12/2010 (*)	Business combinations	Additions	Retirements	Transfers	Balance at 31/12/2011
Cost						
Licenses	120,503	109,341	-	-	-	214,551
Brands	10,368	-	25	-	-	9,618
Rights	196,520	31,305	8,924	(16,926)	(3)	218,125
Computer software	25,442	1	3,114	(131)	30	28,270
Other intangible assets	4,418	415	387	(2,083)	(27)	3,542
Total	357,251	141,062	12,450	(19,140)	-	474,106
Accumulated amortisation						
Licenses	(12,048)	-	(7,722)	-	21	(18,719)
Rights	(58,710)	-	(26,273)	13,158	68	(71,434)
Computer software	(14,294)	-	(4,105)	68	81	(18,594)
Other intangible assets	(1,142)	-	(130)	243	(170)	(1,032)
Total	(86,194)	-	(38,230)	13,469	-	(109,779)
Provisions	(2,590)	-	(156)	2	-	(2,744)
Net carrying amount	268,467					361,583

(*) The balance at 31 December 2010 was restated as a result of the final accounting for business combinations recognised during 2010 (note 6).

Additions under the heading "Rights" principally correspond to new contracts to install gaming machines in food and drink establishments in Spain.

Retirements under "Rights" correspond to the cancellation of certain exclusivity agreements with food and drink establishments in Spain.

Retirements under "Other intangible assets" principally correspond to the removal of 50% of the customer portfolio on the sale of Recreativos Cósmicos. The remaining 50% was maintained as a result of the purchase of half of said company's gaming machines.

The items reported under the "Business combinations" column principally correspond to:

- Licences: the fair value of licences held by the Joint Opcos to operate bingo halls in Mexico.
- Rights: the fair value of rights to use the "Caliente" brand in the bingo halls in Mexico owned by the Joint Opcos, and the fair value of the customer portfolios consolidated on the acquisition of Gap Games, S.r.l., Gaming Re, S.r.l and Gaming Services, S.r.l in Italy.

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2010

Thousands of euros						
	Balance at 31/12/2009	Business combinations	Additions	Retirements	Translation differences	Balance at 31/12/2010
Cost						
Licenses	103,337	6,469	22	-	10,675	120,503
Brands	9,103	-	178	-	1,087	10,368
Rights	134,721	53,749	18,262	(12,328)	2,116	196,520
Computer software	20,408	1,747	4,222	(1,319)	385	25,442
Other intangible assets	5,154	49	664	(1,477)	28	4,418
Total	272,723	62,014	23,348	(15,124)	14,291	357,251
Accumulated amortisation						
Licenses	(7,130)	-	(4,519)	-	(399)	(12,048)
Rights	(50,548)	-	(17,328)	10,250	(1,084)	(58,710)
Computer software	(11,224)	-	(3,930)	951	(91)	(14,294)
Other intangible assets	(1,003)	-	(228)	89	-	(1,142)
Total	(69,905)	-	(26,005)	11,290	(1,574)	(86,194)
Provisions	(1,464)	-	(1,275)	-	149	(2,590)
Net carrying amount	201,354					268,467

(*) The balance at 31 December 2010 was restated as a result of the final accounting for business combinations recognised during 2010 (note 6.a).

Additions under the heading "Rights" principally correspond to new contracts to install gaming machines in food and drink establishments in Spain, and to the acquisition of a second tranche of licences to install and operate a new type of gaming machine in Italy for 10.45 million euros.

The items reported under the "Business combinations" column principally correspond to:

- Licences: the fair value of licences to operate a bingo hall owned by King Bingo, S.r.l.
- The fair value of sports betting operating licences in Spain and licences for six casinos in Panama included under the "Rights" heading.
- The fair value of the rights to use the "Fiesta" brand under which the casinos belonging to the International Thunderbird Gaming Group in Panama operate, included under the "Rights" heading.
- The fair value of commercial agreements entered into by FG Slot S.r.l. included under the "Rights" heading.
- The fair value of non-competition rights acquired under the acquisition agreement for International Thunderbird Gaming (Panama) for 3.89 million euros included under the "Rights" heading.

Additions to the "Provisions" heading in 2010 included 1.13 million euros corresponding to a reduction in the value of intangible assets in the sports betting segment in Spain as the group ceased using an IT application.

7.a) Other Information

The only intangible assets held by the Group with an indefinite useful life are non-amortisable installation rights and brands, totalling 24.78 million euros and 27.72 million euros at 31 December 2011 and 2010, respectively.

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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 if there is any indication that an impairment may have occurred.

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

	2011		2010	
	Brands	Non-amortisable installation rights	Brands	Non-amortisable installation rights
Spain	1,304	15,157	1,279	17,356
Mexico	8,314	-	9,089	-
	9,618	15,157	10,368	17,356

At 31 December 2011, the Group had no material commitment to acquire or sell intangible assets.

8. Property, plant and equipment

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

Thousands of euros								
2011	Change in				Currency			Balance at
	Balance at	scope of	Business		translation		differences	
Cost	31/12/2010	consolidation	combinations	Additions	Retirements	Transfers		31/12/2011
Slot machines	242,912	-	2,922	48,033	(30,936)	(710)	(3,456)	258,765
Gaming and sports betting machines	14,290	-	3	1,743	(2,632)	5	-	13,409
Other installations, equipment and plant	54,551	9	16,070	8,085	(3,353)	(1,082)	(1,800)	72,480
IT equipment	35,444	10	1,171	9,737	(2,381)	11	(1,490)	42,502
Advances and fixed assets in progress	21,038	8,868	1,496	25,953	-	(6,086)	15	51,284
Transport equipment	6,252	15	263	930	(976)	(14)	(94)	6,376
Land	14,746	-	-	981	-	24	(215)	15,536
Structures and buildings	185,902	-	-	4,787	(1,001)	680	(13,057)	177,311
Work done to rented premises	121,653	7	41,643	20,407	(11,779)	1,037	(3,453)	169,515
Plant and machinery	56,155	-	50	4,701	(312)	6,135	(2,243)	64,486
Total	752,943	8,909	63,618	125,357	(53,370)	-	(25,793)	871,664
Accumulated depreciation	Changes in				Currency			Balance at
	Balance at	scope of	Business		translation		differences	
	31/12/2010	consolidation	combinations	Additions	Retirements	Transfers		31/12/2011
Slot machines	(125,602)	-	-	(40,663)	23,855	(181)	317	(142,274)
Gaming and sports betting machines	(10,264)	-	-	(1,356)	1,994	(3)	-	(9,629)
Other installations, equipment and plant	(28,919)	-	-	(9,100)	275	(272)	322	(37,694)
IT equipment	(26,135)	(3)	-	(6,656)	1,871	238	877	(29,808)
Transport equipment	(4,462)	(1)	-	(703)	754	79	87	(4,246)
Structures and buildings	(45,449)	-	-	(8,325)	891	1,419	2,863	(48,601)
Work done to rented premises	(51,635)	(2)	-	(14,141)	263	(1,349)	483	(66,381)
Plant and machinery	(33,630)	-	-	(6,118)	42	69	1,546	(38,091)
Total	(326,096)	(6)	-	(87,062)	29,945	-	6,495	(376,724)
Provisions	(15,650)	-	-	(166)	554	-	(53)	(15,316)

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Net carrying amount	411,197	8,903	63,618	38,129	(22,871)	-	(19,351)	479,624
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The column "Changes in the scope of consolidation" corresponds to the additions and depreciation resulting from the full consolidation of the Uruguayan company Carrasco Nobile, S.A.

Additions under "Business combinations" are stated at fair value (see note 6) and correspond principally to the Joint Opcos.

Additions under "Slot machines" correspond principally to the renewal of slot machine stocks in Spain and to the acquisition of new machines in Argentina and Panama. Retirements under this heading correspond principally to machines retired in Mexico and Spain.

Additions under "Advances and fixed assets in progress" correspond mainly to investments in the construction of the Carrasco casino in Uruguay and investments by the Group in the refurbishment of bingo halls in Argentina which were transferred on completion to the heading "Work done on rented premises".

Additions under "Work done on rented premises" correspond principally to investments by the Joint Opcos in the refurbishment of bingo halls. Retirements under this heading correspond principally to the Mexican entity Operadora Cantábrica, S.A. de C.V. and to operations in Colombia.

The "Transfers" column corresponds principally to the transfer of investments in refurbishment work and technical facilities in bingo halls in Argentina.

Thousands of euros							
2010	Balance at	Business				Currency translation	Balance at
Cost	31/12/2009	combinations	Additions	Retirements	Transfers	differences	31/12/2010
Slot machines	211,326	8,830	58,397	(53,162)	2,708	14,813	242,912
Gaming and sports betting machines	12,075	185	2,906	(876)	-	-	14,290
Other installations, equipment and plant	46,816	2,850	7,899	(5,206)	(3)	2,195	54,551
IT equipment	33,048	4,847	2,362	(7,166)	(107)	2,460	35,444
Transport equipment	6,474	143	440	(1,139)	-	334	6,252
Land	14,308	234	231	(241)	-	214	14,746
Structures and buildings	166,791	1,159	7,442	(65)	(7,933)	18,508	185,902
Work done to rented premises	84,142	11,561	13,026	(7,476)	15,664	4,736	121,653
Plant and machinery	41,299	2,208	5,243	(1,624)	7,059	1,970	56,155
Advances and fixed assets in progress	20,912	1,618	26,304	(12,008)	(17,388)	1,600	21,038
Total	637,191	33,635	124,250	(88,963)	-	46,830	752,943
	Balance at	Business				Currency translation	Balance at
Accumulated amortisation	31/12/2009	combinations	Additions	Retirements	Transfers	differences	31/12/2010
Slot machines	(112,157)	-	(40,038)	26,813	6,030	(6,249)	(125,601)
Gaming and sports betting machines	(10,489)	-	(700)	865	60	-	(10,264)
Other installations, equipment and plant	(21,905)	-	(8,098)	740	988	(644)	(28,919)
IT equipment	(19,629)	-	(3,948)	568	(2,039)	(1,087)	(26,135)
Transport equipment	(3,454)	-	(558)	442	(906)	14	(4,462)
Structures and buildings	(36,101)	-	(2,352)	0	(3,171)	(3,825)	(45,449)
Work done to rented premises	(35,959)	-	(12,493)	105	(1,481)	(1,807)	(51,635)

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Plant and machinery	(28,795)	-	(2,931)	257	519	(2,680)	(33,630)
Total	(268,489)	-	(71,118)	29,790	-	(16,278)	(326,095)
<i>Provisions</i>							
	(15,446)	-	(1,556)	1,616	-	(265)	(15,651)
Net carrying amount	353,256						411,197

Additions under "Business combinations" are stated at fair value (see note 6).

Additions under "Slot machines" correspond principally to a finance lease with the ICELA Group, to the renewal of slot machine stocks in Spain and to the acquisition of new machines in Argentina. Retirements under this heading correspond principally to machines retired in Mexico, Columbia and Spain.

Additions under "Advances and fixed assets in progress" correspond mainly to investments by the Group in the refurbishment of gaming premises in Mexico and Argentina.

In 2010 the "Transfers" column mainly corresponded to the transfer of the investment in construction and refurbishment work carried out on premises owned by the Caliente Group recognised under the heading "Advances and fixed assets in progress" until the premises were put into operation, and the transfer of the investment by Promojuegos de México, S.A. de C.V. and the Group's subsidiaries in Argentina in the refurbishment of bingo halls once said premises came into operation.

At 31 December 2011 and 2010, the Group had no material commitment to acquire or sell property, plant and equipment.

At 31 December 2011 and 2010 the value of assets acquired under finance leases was (in thousands of euros):

	December 2011			Thousands of euros December 2010		
	Cost	Accumulated amortisation	Net carrying amount	Cost	Accumulated amortisation	Net carrying amount
Slot and Gaming machines						
Plant and machinery	52,535	(19,788)	32,747	55,702	(11,658)	44,044
Transport equipment	5,536	(3,905)	1,631	8,828	(5,330)	3,498
Other installations, equipment and plant	602	(435)	167	484	(369)	115
IT equipment	990	(250)	740	-	-	-
	183	(18)	165	-	-	-
Total	59,846	(24,396)	35,450	65,014	(17,357)	47,657

The minimum payments under the finance leases and the calculation of the current value of the future minimum payments are detailed in note 19.a.4).

The Group holds certain assets under operating leases. These leases correspond mainly to rentals and concessions of premises where the Group's companies in each country have their head offices, premises where it operates gaming activities, car parks, etc. In most cases, the cost of these leases increases in line with inflation. The Group is not subject to any restriction with respect to the contracting of these leases. The recognised expense taken to the income statement for 2011 and 2010 corresponding to operating leases totals 89.07 million euros and 48.11 million euros, respectively (see note 23) and the leases expire within three and ten years.

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At 31 December 2011, the Group had the following non-cancellable obligations as lessee in respect of operating leases on premises, administration offices and transport items:

	Thousands of euros			
				Total payments
	Within 1 year	Between 1 and 5 years	More than 5 years	Future
Total non-cancellable obligations	19,589	26,458	11,555	57,602

In 2011 the Group capitalised interest charges of 575 thousand euros (346 thousand euros in 2010).

9. Joint ventures

The entities with which the Group maintains joint ventures are listed in Appendix I.

The Group's interest in the current and non-current assets and liabilities, revenues and expenses of the jointly controlled companies are as follows (in thousands of euros) and are based on its percentage holding in each one:

	Thousands of euros	
	31 December 2011	31 December 2010
Assets:		
Non-current assets	247,431	277,092
Current assets	49,091	47,376
Liabilities:		
Non-current liabilities	70,474	71,323
Current liabilities	60,655	63,360
Net assets	165,393	189,785
Total revenues	153,280	147,101
Total expenses	(134,555)	(125,898)
Profit/(loss) before taxes	18,725	21,203

The average number of employees of the companies consolidated using the equity method in 2011 was 3,581 based on the Group's percentage holding in each subsidiary (3,696 in 2010).

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10. Goodwill

	Thousands of euros	
	Balance at 31/12/2011	Balance at 31/12/2010
Goodwill on consolidation	263,800	241,794
Merger goodwill	42,693	43,156
	306,493	284,950

Goodwill broken down by cash generating unit at 31 December 2011 and 2010, and the movements in both years, are as follows (in thousands of euros):

	Thousands of euros					
	Balance at 31/12/2010	Additions	Retirements	Impairment	Gains/ (losses) on exchange	Balance at 31/12/2011
Spain	133,721	-	(2,654)	(4,115)	-	126,952
Argentina	43,882	-	-	-	(2,577)	41,305
Italy (*)	38,300	276	-	-	-	38,576
Panama (*)	26,470	-	-	-	684	27,154
Mexico	42,577	35,304	-	-	(5,375)	72,506
	284,950	35,580	(2,654)	(4,115)	(7,268)	306,493

(*) The balance at 31 December 2010 was restated as a result of the final accounting for business combinations recognised during 2010 (note 6.a.2).

Additions in 2011 correspond to the business combinations described in note 6.

Retirements correspond principally to the sale of the company Recreativos Cósmicos, S.L. for 2.17 million euros.

On the basis of the impairment tests described in note 13, the Group has recognised an impairment loss corresponding to the Spain cash generating unit for a total of 4.11 million euros.

	Thousands of euros				
	Balance at 31/12/2009	Additions	Retirements	Gains/ (losses) on exchange	Balance at 31/12/2010
Spain	134,732	-	(1,011)	-	133,721
Argentina	42,365	-	-	1,517	43,882
Italy (*)	33,182	5,589	(471)	-	38,300
Panama (*)	15,381	10,123	-	967	26,471
Mexico	37,489	-	-	5,087	42,576
	263,149	15,712	(1,482)	7,571	284,950

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(*) The balance at 31 December 2010 was restated as a result of the final accounting for business combinations recognised during 2010 (note 6.a.2).

Additions in 2010 correspond to the business combinations described in note 6.

Retirements in Italy correspond to an adjustment to the acquisition price of the company Seven Cora, S.r.l. in 2007.

Retirements in Spain correspond to the sale of the company 2010-S-Matic, S.L.

Goodwill at cost and the accumulated amortisation thereon at 31 December 2011 and 2010 is broken down by cash generating unit as follows:

	Thousands of euros			
	Impairment losses			Net carrying amount
	Cost2009 and previous years	2010	2011	
2011				
Spain	131,067	-	(4,115)	126,952
Argentina	41,305	-	-	41,305
Italy	83,769	(45,193)	-	38,576
Panama	27,154	-	-	27,154
Mexico	72,506	-	-	72,506
	355,801	(45,193)	- (4,115)	306,493

	Thousands of euros			
	Impairment losses			Net carrying amount
	Cost2008 and previous years	2009	2010	
2010				
Spain	133,721	-	-	133,721
Argentina	43,882	-	-	43,882
Italy	83,493	(45,193)	-	38,300
Panama	26,471	-	-	26,471
Mexico	42,576	-	-	42,576
	330,143	(45,193)	-	284,950

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11. Non-current financial assets

The balances under this heading at 31 December 2011 and 2010 and movements in the periods are as follows:

Thousands of euros						
2011						
Item	Balance at 31/12/2010	Business combinations	Additions	Retirements	Transfers	Gains/(losses) on exchange
Loans and receivables	209,584	(149,085)	8,848	(21,170)	-	1,797
Investments held to maturity	7,304	-	368	(3,175)	-	-
Other financial assets	703	7,616	5,971	(703)	-	(484)
	217,591	(141,469)	15,187	(25,048)	-	1,313
	67,574					

Thousands of euros						
2010						
Item	Balance at 31/12/2009	Additions	Retirements	Short-term transfers	Gains/(losses) on exchange	Balance at 31/12/2010
Loans and receivables	58,373	59,013	(5,310)	89,755	7,753	209,584
Investments held to maturity	8,385	1,532	(3,206)	593	-	7,304
Other financial assets	953	-	(250)	-	-	703
	67,711	60,545	(8,766)	90,348	7,753	217,591

Business combinations at 31 December 2011 corresponded principally to the following items:

- As a result of the incorporation of the Caliente subsidiaries (Jomaharho, S.A. de C.V., Grupo Caliente, S.A. de C.V. and the Joint Opcos) in the Codere Group's scope of consolidation, the receivables recognised prior to the approval of the agreement to restructure the contractual relationship with said Group and which were granted by Codere Mexico, S.A. de C.V. to the Joint Opcos as a result of the agreement signed with the Caliente Group, totalling 175.48 million euros, are considered for the most part to be internal transactions within the Codere Group from 31 March 2011 and are therefore eliminated. Nevertheless, a proportion of said balances, totalling 61.47 million euros, forms part of the consideration paid by Codere for the acquisition of said companies.
- The remaining debt of the Caliente subsidiaries with the Caliente Group totalling 26.39 million euros.
- The option to sell to the Caliente Group for 7.62 million euros the Group's 7.3% holding in the Joint Opcos, Mio Games, S.A. de C.V. and Promojuegos, S.A. de C.V. (see note 6).

At 31 December 2011, additions under the heading "Other financial assets" included a purchase option agreement for approximately 2 million euros under which Codere may acquire, subject to certain conditions, an additional 35.8% of the shares of ICELA de Corporación Interamericana de Entretenimiento, SA de CV ("CIE"). The agreed price of the shareholding is approximately 158 million euros (note 28).

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The purchase options agreement is subject to certain conditions, including the approval of the Mexican Federal Competition Commission ("Cofeco"). On 31 October 2011, Cofeco approved the transaction in accordance with the terms and conditions presented. However, at 31 December 2011, the remaining conditions had not been satisfied. These conditions include:

- ICELA's subsidiary, Administradora Mexicana del Hipódromo, S.A. de C.V. will cede its rights and obligation in the concession it holds to operate an entertainment centre and hotel to two new companies, from which CIE will have the right to receive 51% of the returns from said operations. Given that it is subject to approval from the competent regulatory bodies, this cession has been included in an agreement signed with CIE on 25 January 2012.
- CIE must set up a guarantee deposit of 587 million pesos or pledge shares representing 10% of ICELA's share capital.
- CIE and the Codere Group must determine which agreements with CIE or related parties will form part of the shareholders' agreement.

The acquisition of 35.8% of the share capital of ICELA was completed in February 2012 (note 28).

Transfers in 2010 corresponded principally to the reclassification of receivables from the Caliente Group which to June 2010 were recognised as current assets under "Receivables". This reclassification was carried out as a result of the agreement signed with the Caliente Group described above. Additions include 51.08 million euros for loans granted in 2010 under the same agreement.

The value of cash flows on the non-current financial assets at 31 December 2011 and 2010 discounted at market interest rates is considered to be close to their carrying amount. The difference between the carrying amount and fair value is not therefore considered to be material.

The carrying amount recognised under this heading is denominated in the following currencies:

Currency	Thousands of euros	
	Balance at 31/12/2011	Balance at 31/12/2010
Euros	19,061	26,727
US dollars	34,124	190,273
Argentine pesos	396	452
Mexican pesos	13,878	-
Uruguayan pesos	108	138
Colombian pesos	7	2
	67,574	217,592

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a) Loans and receivables

Type	Holding company	Thousands of euros	
		Balance at 31/12/2011	Balance at 31/12/2010
Long-term loans	Joint Opcos	29,149	-
Long-term loans	Codere México, S.A	17	183,624
Long-term loans	Codere, S.A	3,000	-
Long-term loans	Codere Italia, S.p.A.	-	4,673
Long-term loans	Codere América, S.L.U.	-	4,318
Long-term loans	Hípica de Panamá, S.A.	2,040	3,481
Long-term loans	Grupo Operbingo Italia, S.p.A.	4,375	4,154
Long-term loans	Codere Madrid, S.A.U.	799	839
Long-term loans	Operibérica, S.A.U.	789	1,097
Other minor loans to third parties		9,805	7,398
		49,974	209,584

Loans by the Joint Opcos are to Caliente Group companies and repayment is guaranteed against the dividends receivable by the Caliente Group from their holdings in the Joint Opcos and by the pledging of said shares by the Caliente Group in favour of the Codere Group.

Codere S.A.'s balance corresponds to a long-term receivable from Mr. Ballesteros of 3 million euros as a result of a Supreme Court ruling of 23 November 2011 (see note 25b).

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

Year	Thousands of euros	
	Balance at 31/12/2011	Balance at 31/12/2010
2012	-	8,918
2013	3,855	219
2014	2,752	207
2015	1,017	4,370
2016	196	-
Subsequent years	42,154	195,870
Total	49,974	209,584

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b) Investments held to maturity

Type of investment	Thousands of euros	
	Balance at 31/12/2011	Balance at 31/12/2010
Machine hoppers	2,807	3,727
Long-term fixed-rate investments	300	1,092
Deposit agreements	36	94
Others	1,354	2,391
	4,497	7,304

c) Other financial assets

In 2011 items recognised under this heading included:

- Grupo Codere's option to sell to Grupo Caliente its 7.3% holding in the Joint Opcos, Mio Games, S.A. de C.V. and Promojuegos, S.A. de C.V. arising as a result of the business combination.
- The fair value at year end of the option described in the paragraph above.
- The retirement of the investment in joint venture Codere Gandía S.A.

Retirements in 2010 were as a result of the change in consolidation method applied to the company Desarrollo Online Juegos Regulados, S.A. (nota 2.b.1).

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12. Deferred taxes

The breakdown of deferred tax assets and liabilities (in thousands of euros) is as follows:

	Balance at 31/12/2011		Balance at 31/12/2010	
	Assets	Liabilities	Assets	Liabilities
Set-up costs	7,848	-	5,868	-
Intangible assets	1,036	(82,281)	788	(43,710)
Property, plant and equipment	8,876	(3,485)	3,588	(4,264)
Financial investments	857	(782)	585	(861)
Exchange differences	-	(163)	-	(163)
Tax credits	27,179	-	22,924	-
Other	2,739	(1,562)	3,441	(1,340)
	48,535	(88,273)	37,194	(50,338)
Deferred tax assets and liabilities recoverable after twelve months	43,472	(79,674)	25,939	(41,392)
Deferred tax assets and liabilities recoverable within twelve months	5,063	(8,599)	11,255	(8,946)
	48,535	(88,273)	37,194	(50,338)

The breakdown and movements of deferred tax assets and liabilities recognised by the Group is as follows:

	Balance at 31/12/2010	Taken to profit or loss	Business combinations	Gains/(losses) on exchange	Balance at 31/12/2011
2011					
Assets					
Tax credits	22,924	243	4,312	(300)	27,179
Set-up costs	5,868	(1,435)	4,056	(641)	7,848
Financial investments	585	(245)	681	(164)	857
Intangible assets	788	(204)	-	452	1,036
Property, plant and equipment	3,588	4,167	64	1,057	8,876
Others	3,441	(517)	-	(185)	2,739
	37,194	2,009	9,113	219	48,535
Liabilities					
Revaluation of property, plant and equipment	(4,264)	774	-	5	(3,485)
Financial investments	(861)	55	-	24	(782)
Exchange differences	(163)	-	-	-	(163)
Intangible assets	(43,710)	3,393	(47,407)	5,443	(82,281)
Others	(1,340)	(238)	-	16	(1,562)
	(50,338)	3,984	(47,407)	5,488	(88,273)
Net deferred tax	(13,144)				(39,738)

The "Business Combinations" column includes the tax effects of the recognition at fair value of the assets incorporated through the business combinations arising on the acquisition of the Joint Opcos and Gap Games, S.r.l.

Tax credits correspond principally to the capitalisation of tax loss carryforwards generated by companies in Spain, Italy and Mexico of 13.39 million euros, 10.24 million euros and 3.39 million euros, respectively.

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The movement on the deferred tax assets for property, plant and equipment corresponds principally to temporary differences deductible on investments in Uruguay.

2010	Balance at 31/12/2009	Taken to profit or loss	Business combinations	Reclassification	Gains/(losses) on exchange	Balance at 31/12/2010
Assets						
Tax credits	21,054	(519)	2,174	(550)	765	22,924
Set-up costs	7,033	(1,843)	-	-	678	5,868
Financial investments	1,068	(727)	-	-	244	585
Intangible assets	987	(199)	-	-	-	788
Property, plant and equipment	2,636	358	-	550	44	3,588
Others	4,247	(947)	-	-	141	3,441
	37,025	(3,877)	2,174	-	1,872	37,194
Liabilities						
Revaluation of Property, plant and equipment	(6,086)	4,064	(1,878)	-	(364)	(4,264)
Financial investments	(672)	(191)	-	-	2	(861)
Exchange differences	(163)	-	-	-	-	(163)
Intangible Assets (*)	(24,589)	425	(17,007)	-	(2,539)	(43,710)
Others	(1,149)	(193)	-	-	2	(1,340)
	(32,659)	4,105	(18,885)	-	(2,899)	(50,338)
	4,366					(13,144)

(*) The balance at 31 December 2010 was restated as a result of the final accounting for business combinations recognised during 2010 (note 6.a.2).

Deferred tax assets as a result of tax loss carryforwards pending offset are recognised when it is considered likely that the company will have sufficient future taxable earnings against which the assets can be applied.

Tax credits correspond principally to the capitalisation of tax loss carryforwards generated by companies in Spain and Italy of 11.96 million euros and 9.86 million euros, respectively. Movements under the "Tax credits" heading as a result of charges to profit or loss in 2010 correspond principally to the capitalisation of tax loss carryforwards generated by Codere Network, S.p.A, Bingos Codere, S.A. and Garaipen Victoria Apustuak, S.A. of 2.83 million euros, 0.72 million euros and 1.39 million euros, respectively, and to the partial offset of tax loss carryforwards generated by Codere México, S.A. de C.V. totalling 5.65 million euros.

The "Business combinations" column includes the tax effects of the recognition at fair value of the assets incorporated through the business combinations arising on the acquisition of 50% of Codere Apuestas España, S.L. and 63.63% of International Thunderbird Gaming Panamá.

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13. Impairment of non-financial assets

The non-current assets recognised under the headings "Intangible assets", "Property, plant and equipment" and "Goodwill" are subject to impairment testing.

Following impairment tests carried out at year end, the Group recognised impairment to its assets in Spain at 31 December 2011 totalling 4.11 million euros. This impairment was principally due to reduced proceeds from Type B slot machines and reduced sales of bingo cards in the context of the severe macro-economic crisis in Spain in recent years. A further negative impact on the fair value of assets derives from the higher rates used to discount future cash flows due to increased country risk premiums and wider credit spreads applicable to peers, largely as a result of the sovereign debt crisis in the euro area.

No impairment losses were provisioned in 2010.

Method for determining the recoverable value of cash generating units and key assumptions used:

The Group bases its calculations of the recoverable value of 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 forecasting

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 forecasting period used is five years. After that, a terminal value is estimated assuming a constant growth rate in perpetuity. The first year of the forecast period is based on detailed budgets approved by each unit for 2012, adjusted as necessary for the estimated impact of significant regulatory changes and changes in the competitive environment, the business model or the performance of each unit. 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 nature and competitive environment. With respect to capital investments, the forecasts include those necessary to maintain the businesses in their current condition (maintenance capex). Only those growth investments which have been specifically approved in the 2012 budgets are included. Cash flows are discounted using a rate which corresponds to 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 costs of capital as well as that of third parties, weighted in accordance with a defined objective 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 the purposes of practicality, the discount rates used are net of tax. The discounted cash flows also include the tax effect. The growth rate used to calculate each unit's terminal value is equivalent to that of the consumer price index used for each country's long-term macro-economic forecasting; i.e. no growth is expected in real terms.

For those cash generating units whose functional currency is not the euro, cash flow projections are carried out in the local currency and the net present value of said cash flows is converted into euros at the exchange rate prevailing at 31 December 2011.

Key assumptions

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The key assumptions in respect of gaming operations relate in general to gaming capacity installed (number of gaming halls, casinos, race tracks, betting agencies, slot machines installed, bingo hall seating capacity, gaming tables, etc.) and the average daily proceeds from each machine, seat, table or gaming hall attendee. Revenues during the forecasting period vary in accordance with changes in these variables. The efficiency and operational gearing levels attained and reflected in EBITDA margins are also significant. The carrying amounts of the net operating assets of each cash generating unit at 31 December 2011 are detailed below, together with the key assumptions used to calculate their value in use and any impairment losses recognised. Key assumptions include the discount rate after taxes, the growth rate used to estimate terminal value, the average annual compound growth rate for revenues in local currency estimated for the forecast period, and the difference in percentage points in the EBITDA margin between the 12 months ended 31 December 2011 and the final 12 months of the forecast period.

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Thousands of euros			
Cash generating unit	Net value of operating assets ⁽¹⁾ at 31/12/2011	Impairments of assets at 31/12/2011	Discount rate net of taxes
Argentina	145,895	-	22.4%
Mexico ⁽³⁾	486,980	-	10.1%
Spain ⁽⁴⁾	213,274	(4,115)	9.7%
Italy ⁽⁵⁾	138,604	-	10.5%
Panama	89,851	-	10.1%
Colombia	22,762	-	9.9%
Uruguay	17,208	-	13.7%
Parent companies and other	37,241	-	-
Total	1,151,815	(4,115)	-

Cash generating unit	Natural growth rate for calculating terminal value	Annual compound growth rate of revenues in local currency ⁽²⁾	Change in EBITDA margin (percentage points) ⁽²⁾
Argentina	5.0%	16.7%	(3.9pp)
Mexico ⁽³⁾	3.0%	6.5%	2.4pp
Spain ⁽⁴⁾	1.8%	4.9%	8.0pp
Italy ⁽⁵⁾	2.0%	7.7%	(8.3pp)
Panama	2.5%	3.4%	0.4pp
Colombia	2.8%	8.1%	0.6pp
Uruguay	5.0%	5.9%	1.6pp
Parent companies and other	-	-	-

(1) Includes the net value of goodwill, intangible assets and property, plant and equipment before impairment losses in the year.

(2) Obtained from comparing the figures for the last year of the forecasting period with those of the 12 months to 31 December 2011 (as reported quarterly and converted to local currency at average exchange rates).

(3) Includes changes to the business structure derived from the Caliente transaction from 31 March 2011.

(4) Includes all business lines in Spain which have been organisationally unified from 2011 (AWP machines, sports betting and traditional bingo). Includes the roll out of sports betting operations in Spain's autonomous regions. Excludes pre-operational expenses associated with on-line initiatives which are still in the early stages of development.

(5) Includes all business lines in Italy (indirect operations with AWP machines, traditional bingo, video lotteries and connection network). Includes changes to the business model following the incorporation of video lottery (VLT) operations from the last quarter of 2010. Includes the effects of consolidating recently acquired companies: King Slot, SL and King Bingo, SL from September 2010; FG Slot Service, SL from December 2010; Gap Games, SL from April 2011 and Gaming Service, SL and Gaming Re, SL from July 2011.

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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	Value required to produce no difference between the value in use and the carrying amount.	
	Discount rate net of taxes	Natural growth rate for calculating terminal value
Argentina	86.3%	n.a.
Mexico	11.2%	1.5%
Spain	n.a.	n.a.
Italy	13.4%	Negligible
Panama	12.0%	Negligible
Colombia	11.7%	0.2%
Uruguay	20.7%	Negligible

According to this sensitivity analysis, Mexico is the cash generating unit with the least room to accommodate a potential impairment to its assets. This is mainly due to its poor performance on certain key operating indicators, in particular average revenues, in the second half of 2010 and the first nine months of 2011. Nevertheless, there have been some signs of recovery in the last three months of 2011 thanks to a combination of factors including tighter governmental control over the sector, resulting in less competition from informal operators, and the gradual reopening of gaming premises which had been closed for refurbishment and to upgrade facilities to higher operational standards. Synergies generated from the merger of the Codere Group's businesses in Mexico (the next logical step following the increase of its holding in ICELA and its subsidiaries), are also expected to have a positive effect on future cash flows. This has not yet been built into the base forecasts used to measure impairment losses.

14. Inventories

	Thousands of euros	
	31/12/2011	31/12/2010
Slot and gaming machines	2,092	2,603
Spare parts for machines	4,501	3,860
Food and drink	1,564	419
Bingo cards	1,692	1,869
Other items	1,679	994
	11,528	9,745

Inventories expensed in 2011 and 2010 totalled 42.61 million euros and 28.19 million euros, respectively.

15. Receivables

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a) Amounts receivable for services provided:

At 31 December 2011, "Trade and other receivables" included 4.3 million euros for catering and management services supplied to food and drink establishments in Spain and 3.08 million euros receivable from related parties.

At 31 December 2010, amounts under this heading included 8.76 million euros corresponding to amounts due from the transfer of premises and services provided to the Caliente Group.

No provisions for impairments to receivables have been made.

b) Sundry receivables:

	Thousands of euros	
	Balance at 31/12/2011	Balance at 31/12/2010
Sundry receivables	72,990	65,046
Tax receivables	61,424	37,638
Receivables from staff	1,476	667
Provisions	(37,338)	(38,496)
	98,552	64,855

At 31 December 2011, "Sundry receivables" included approximately 28.22 million euros of advances paid to the owners of food and drink establishments against their share of the proceeds from the gaming machines located in their premises (28.69 million euros at 31 December 2010). These advances will be recovered against the proceeds obtained.

This heading also includes 13.95 million euros receivable by Codere Network S.p.A. from gaming machine operators in Italy (15.13 million euros at 31 December 2010). The remaining amount comprises a number of receivables of lower value.

The items recognised under "Tax receivables" correspond principally to VAT recoverable from the Mexican tax authorities by the Joint Opcos acquired from the Caliente Group and by ICELA. In Mexico this type of indirect tax is recoverable when the effective cash flows associated with the transaction giving rise to said taxes occur. The increase in the balance in 2011 corresponds to the business combination described in note 6.a.

The amounts recognised under "Provisions" at 31 December 2011 correspond principally to amounts set aside to cover advances against proceeds in Spain and to cover receivables from gaming machine operators in Italy.

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The movements on the provision are as follows:

	Thousands of euros
Balance at 31/12/2010	<u>(38,496)</u>
Additions	(8,370)
Reversal	5,390
Cancellation	4,251
Translation differences	<u>(113)</u>
Balance at 31/12/2011	<u>(37,338)</u>
	Thousands of euros
Balance at 31/12/2009	<u>(39,566)</u>
Additions	(18,756)
Reversal	18,692
Cancellation	1,474
Translation differences	<u>(340)</u>
Balance at 31/12/2010	<u>(38,496)</u>

The carrying amount recognised under this heading is denominated in the following currencies:

	Thousands of euros	
Currency	2011	2010
Euros	34,099	23,810
US dollars	10,167	22,604
Argentine pesos	7,679	8,562
Mexican pesos	68,650	37,352
Uruguayan pesos	4,542	2,549
Colombian pesos	2,050	740
Chilean pesos	-	50
Brazilian reales	236	203
	<u>127,423</u>	<u>95,870</u>

The other accounts under the trade receivables and other receivables headings do not include assets which have suffered any impairment.

The maximum exposure to credit risk at the balance sheet date is the carrying amount of each type of receivable described above. The Group does not hold any guarantees to cover these receivables.

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16. Current financial assets

The movements under this heading at 31 December 2011 and 2010 are as follows (in thousands of euros):

<u>2011</u>	<u>Balance at 31/12/2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Gains/(losses) on exchange</u>	<u>Balance at 31/12/2011</u>
Short-term investment securities	1,531	27	(12)	-	(271)	1,275
Other loans and investments	23,432	6,394	(8,444)	(126)	(510)	20,746
	<u>24,963</u>	<u>6,421</u>	<u>(8,456)</u>	<u>(126)</u>	<u>(781)</u>	<u>22,021</u>

<u>2010</u>	<u>Balance at 31/12/2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Gains/(losses) on exchange</u>	<u>Balance at 31/12/2010</u>
Short-term investment securities	1,218	195	(13)	131	1,531
Other loans and investments	24,644	9,611	(10,898)	75	23,432
	<u>25,862</u>	<u>9,806</u>	<u>(10,911)</u>	<u>206</u>	<u>24,963</u>

The fair value of current financial assets at 31 December 2011 and 2010 does not differ materially from the carrying amount.

The heading "Short-term investment securities" corresponds principally to bank deposits and investments in short-term repo agreements, maturing originally after three months and bearing interest at market rates.

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The items recognised under "Other loans and investments" break down as follows (in thousands of euros):

Type	Thousands of euros	
	Balance at 31/12/2011	Balance at 31/12/2010
Short-term loans	13,016	12,568
Deposits and guarantees	6,490	7,566
Short-term security deposits	1,240	3,298
	20,746	23,432

"Short-term loans" include amounts receivable from directors and key management for loans granted to buy shares in Codere S.A. as detailed in note 25. These loans are guaranteed against said shares.

The heading "Deposits and guarantees" corresponds principally to deposits delivered prior to the formalisation of concessions in the Spanish gaming machines segment and to a deposit lodged by Codere Network, S.p.A in respect of the concession agreement under which said company operates.

The carrying amount recognised under this heading is denominated in the following currencies:

Currency	Thousands of euros	
	2011	2010
Euros	18,812	20,628
US dollars	78	-
Argentine pesos	584	864
Mexican pesos	2,482	1,519
Uruguayan pesos	-	1,948
Colombian pesos	65	4
	22,021	24,963

17. Shareholders' equity

a) Share capital

At 31 December 2011 and 2010 the share capital of Codere S.A. totalled 11.01 million euros and consisted of 55,036,470 fully subscribed and paid in bearer shares with a par value of 0.20 euros each. The Group's shares have been listed on the Madrid Stock Exchange from 19 October 2007.

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At 31 December 2011 and 2010 the Parent Company's shareholders were:

Shareholder	Holding	
	%	%
	2011	2010
Masampe Holding, B.V.	51.35	51.35
Mr. José A. Martínez Sampedro	12.42	12.42
Noonday Asset Management, LLP	5.33	5.01
Other shareholders	30.90	31.22
	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 Commission (CNMV) and Codere S.A. when the proportion of said rights reaches, exceeds or falls below 3%.

On 31 December 2011, 55,036,470 shares were admitted to trading, of which 69.13% (69.13% in 2010) were directly or indirectly held by members of the Board of Directors.

During 2011 no shares were sold by senior managers of the Company (6,450 in 2010). No shares were purchased by senior managers of the company in 2011 or 2010.

b) Share premium

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

c) Treasury shares

The General Shareholders Meeting held on 9 June 2011 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, treasury shares, which may be purchased for cash and fully paid up or acquired for any valuable consideration. The minimum price or consideration will be the value of the treasury shares acquired and the maximum the market value plus 20% at the acquisition date. Said authorisation was conceded for a period of 18 months and the shares acquired must not exceed at any time 5% of the share capital including that already held by Codere S.A. and its subsidiaries. The Board of Directors is empowered to exercise this authorisation.

Liquidity contract

On 28 January 2009, Codere, S.A. signed with Crédit Agricole Cheuvreux, S.A. a liquidity contract designed to improve its liquidity position and stabilise its share price. This contract came into force on 18 February 2009. The key features of the contract, in line with current regulations, are:

- Financial intermediary: Crédit Agricole Cheuvreux, S.A.

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- Securities subject to the contract: Ordinary shares in Codere S.A. traded on the official stock market.
- Duration of the contract: 12 months, automatically extended unless so indicated by either party .
- Funds transferred to the cash account: 0.5 million euros, with a further 0.25 million euros available if the parties consider it necessary pursuant to Rule 2, Point 5 of CNMV Circular 3/2007. At 31 December 2011, the amount paid in totalled 0.75 million euros.
- The voting and economic rights attached to the shares deposited in the share account are suspended.
- Prior acquisition of the shares deposited in the share account.

At 31 December 2011, the Company held 117,522 treasury shares (24,621 in 2010) of which 90,522 (7,261 in 2010) had been acquired by Credit Agricole, representing less than 10% of the total share capital of Codere S.A. (the legal limit) with a value in net equity of 0.87 million euros (0.20 million euros at 31 December 2010). The average acquisition price was 7.79 euros per share. These shares are fully paid up.

d) Legal reserve

In accordance with the Spanish Corporate Enterprise Act, 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 31 December 2011 and 2010 the legal reserve totalled 2.20 million euros and 1.93 million euros, respectively.

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) Other information

As the principal guarantor of the bonds issued by Codere Finance (Luxembourg), S.A., there are limits on Codere S.A.'s capacity to approve and pay dividends until said bonds are amortised in 2015.

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 tax loss carryforwards have been offset.

In addition to any legal requirements or stipulations of the articles of association and the aforementioned restrictions, dividends may only be distributed from profit for the year or from unrestricted reserves, provided net equity is not or, as a consequence of the distribution, will not be less than the share capital. If there are losses from prior financial years which make the Company's net equity lower than the share capital, profits shall be allocated to cover the losses. For these purposes, profits taken directly to equity may not be directly or indirectly distributed.

f) Information by company

Appendix II contains a breakdown of the net equity of the Group's companies at 31 December 2011.

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18. Provisions

18.1. Non-current provisions

	Thousands of euros					
<u>2011</u>	Balance at 31/12/2010	Additions	Retirements	Business combinations	Gains/(losses) on exchange	Balance at 31/12/2011
Provision for taxes	3,704	1,245	(2,131)	14,957	(1,875)	15,900
Retirement bonuses	4,800	1,660	(842)	-	(180)	5,438
Other provisions	21,149	5,953	(4,710)	781	(292)	22,881
	29,653	8,858	(7,683)	15,738	(2,347)	44,219

	Thousands of euros				
2010	Balance at 31/12/2009	Additions	Retirements	Gains/(losses) on exchange	Balance at 31/12/2010
Provision for taxes	6,567	1,415	(4,573)	295	3,704
Retirement bonuses	3,833	849	(546)	664	4,800
Other provisions	20,758	4,118	(4,078)	351	21,149
	31,158	6,382	(9,197)	1,310	29,653

a) Provisions for taxes

Provisions for taxes include balances associated with fiscal and employee-related risks of the Group's companies in Argentina at 31 December 2011 and 2010 of 2.06 million euros and 2.77 million euros, respectively. Items recognised under "Retirements and other" correspond principally to the reversal of provisions in Argentina following the expiry of tax contingencies.

The "Business combinations" column includes provisions recognised by the new companies acquired in Mexico on 31 March 2011 (see note 6.a).

b) Retirement bonuses

This heading includes amounts payable by various Group companies to its employees under collective bargaining agreements.

c) Other provisions

This heading includes provisions recognised by Codere Network, S.p.A to cover possible liabilities arising as a result of legal proceedings in Italy (note 4.e) totalling 12.0 million euros and 11.85 million euros at 31 December 2011 and 2010, respectively.

At 31 December 2011, this heading also included 1.04 million euros corresponding to a provision made in regard to an inspection by the Argentine Central Bank ("BCRA") into certain transactions in foreign currency in 2002 to 2004.

It also includes 0.47 million euros corresponding to a contingent payment recognised in 2010 following the acquisition of Codere Apuestas España, S.L.U. by Codere, S.A.

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Retirements in 2011 correspond principally to legal proceedings settled during the year or contingencies in Argentina and Italy which have expired.

Retirements in 2010 correspond principally to the reversal of a 1.32 million euros restructuring provision in Italy (see note 23.g).

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

18.2. Current provisions

This heading includes a provision for the market value of the share option offered to a number of key managers of Codere S.A. 1 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 were effected. These purchases were financed by Codere S.A. via loans to said senior managers totalling 7.88 million euros, bearing interest in 2011 and 2012 at 2.5%. On the maturity of the loan, the managers will have the right to receive shares in the Company to the value of the loan repayments effected (principal plus interest). This is treated as a put option granted to the managers and valued as such. Changes in the value of said option are recognised directly in equity.

The senior managers may elect to repay the loan to Codere S.A. after 18 months from the acquisition date of the option. This period has subsequently been extended to December 2012. Codere holds pre-emption rights to acquire the shares from the managers exercisable in the event that the director declares an intention to dispose of the shares to a third party who is not an existing shareholder in the Company.

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2011

	Thousands of euros		
	Balance at 31/12/2010	Additions	Retirements Balance at 31/12/2011
Provision for loan options on shares	<u>1,469</u>	<u>2,218</u>	<u>-822</u> <u>2,865</u>

2010

	Thousands of euros		
	Balance at 31/12/2009	Additions	Retirements Balance at 31/12/2010
Provision for loan options on shares	<u>2,269</u>	<u>428</u>	<u>(1,228)</u> <u>1,469</u>

Retirements in 2011 and 2010 correspond to adjustments to the market value of said option at year end and to the acquisition of treasury shares by the Codere Group at 7.88 euros per share (note 17.e).

At 31 December 2011 and 2010 the market value of the option only corresponded to those loans which had not yet been repaid. This value was calculated using market prices taking into account the volatility of the share price, the repayment value of the loans and other factors.

The figures used in the valuation model are:

	<u>2011</u>	<u>2010</u>
Strike price	10.597	10.597
Expected volatility	30.778%	29.574%
Annual rate	1.397%	1.292%
Implicit rate	6.1858%	8.7773%
Total price	<u>4.49</u>	<u>2.27</u>

19. Financial liabilities

a) Long-term payables

	Thousands of euros	
	<u>31/12/2011</u>	<u>31/12/2010</u>
Bonds issued by Codere Finance (Luxembourg), S.A. and Hípica Rioplatense Uruguay, S.A.	758,090	747,690
Bank borrowings	59,658	60,975
Other payables	38,952	60,086
Payables under finance leases	<u>15,838</u>	<u>22,305</u>
	<u>872,538</u>	<u>891,056</u>

a.1) Bonds issued

On 24 June 2005, Codere Finance (Luxembourg), S.A. issued a bond of 335 million euros bearing interest at 8.25% and maturing on 15 June 2015. On 19 April 2006 the same company issued an additional bond of 165 million euros and on 7 November 2006 another additional bond of 160 million euros. The bond issued in April 2006 with a premium of 106.25% and the bond issued in

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November 2006 with a premium of 107.25% were converted into fungibles and consolidated as a single issue with the bond issued in 2005.

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

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

	Thousands of euros Nominal	Local currency	Effective interest rate	Maturity	Thousands of euros	
					31/12/2011	31/12/2010
Bonds issued by Codere Finance (Luxembourg), S.A.	335,000	Euros	8.76%	15/06/2015	329,235	327,599
Bonds issued by Codere Finance (Luxembourg), S.A.	165,000	Euros	8.23%	15/06/2015	165,113	165,145
Bonds issued by Codere Finance (Luxembourg), S.A.	160,000	Euros	7.96%	15/06/2015	161,513	161,964
Marketable debentures issued by Codere Finance (Luxembourg), S.A.	100,000	Euros	10.71%	15/06/2015	91,950	89,714
Marketable debentures issued by Hipica Rioplatense Uruguay	15,000(*)	US dollars	6.00%	14/03/2014	-	3,268
Marketable debentures issued by Hipica Rioplatense Uruguay	20,000(*)	US dollars	4.90%	28/11/2021	7,189	-
Marketable debentures issued by Hipica Rioplatense Uruguay	10,000(*)	US dollars	6.40%	28/11/2017	3,090	-
					<u>758,090</u>	<u>747,690</u>

(*) The nominal amount corresponds to the entire amount of the marketable debentures issued by Hipica Rioplatense de Uruguay. The Codere Group takes 50% of this amount to its balance sheet on consolidation, corresponding to its holding in said company (equity method). On 7 February 2011, the bonds outstanding at 31 December 2010 were cancelled. On 30 November 2011, HRU effected a new issue of marketable debentures of USD 30 million.

The fair value of the bonds based on their market value is:

	Thousands of euros	
	31/12/2011	31/12/2010
Bonds issued by Codere Finance (Luxembourg), S.A.	713,400	779,900
Marketable debentures issued by Hipica Rioplatense	<u>11,631</u>	<u>5,837</u>
	<u>725,031</u>	<u>785,737</u>

The bonds issued by Codere Finance (Luxembourg), S.A. are guaranteed in the first instance by the main guarantor (Codere, S.A.) and additionally by the guarantors listed below.

Codere Finance (Luxembourg), S.A. and the bond guarantors have become part of the issuing body together with Deutsche Trustee Company Limited as guaranteeing agent and Deutsche Bank AG (London branch) as principal paying agent. Among other things, the entity may limit the capacity of the issuer or the guarantors to:

- Carry out certain restricted payments and investments.
- Issue additional debt or preference shares.
- Provide guarantees for third parties not belonging to the Group.
- Distribute dividends and transfer or sell shares.

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The entity also has powers to:

- Request compliance with certain indicators.
- Take on additional debt above certain ratios.

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

Additional guarantors are:

Alta Cordillera, S.A.	Codere Valencia S.A.
Bingo Oasis S.r.l.	Colonder S.A.
Bingo Re S.r.l.	Giomax S.R.L.
Bingos Codere S.A.	Hípica de Panamá, S.A.
Bingos del Oeste S.A.	Iberargen S.A.
Bingos Platenses S.A.	Interbas S.A.
Bintegral S.p.A.	Interjuegos S.A.
Codere S.A.	Intermar Bingos S.A.
Codere América, S.L.U. (*)	Intersare S.A.
Codere Argentina S.A.	Misuri S.A.
Codere Barcelona, S.A.U.	Operbingo Italia S.p.A.
Codere Colombia S.A.	Operibérica S.A.
Codere España, S.L.U. (*)	Promociones Recreativas Mexicanas, S.A. de C.V.
Codere Internacional, S.L.U. (*)	Promojuegos de México, S.A.
Codere Italia S.p.A.	Recreativos Mae, S.L.U. (*)
Codere Madrid, S.A.U.	Vegas S.r.l.
Codere México S.A.	
Codere Network S.p.A.	
Codere Uruguay S.A.	

(*) These companies are guarantors of the senior debt only (see note 19.b.1).

The bonds issued in euros are guaranteed in the first instance by a loan contract between Codere Finance (Luxembourg), S.A. and Codere, S.A. (bearing interest at the same rate as the bonds) and secondarily against pledged shares in Codere España, S.L.U. and Codere Internacional, S.L.U.

The terms of the bond issue also stipulate that any debt held by the Codere Group is subordinated to its payment obligations in respect of the bonds, with the exception of those debts guaranteed against specific assets.

At 31 December 2011 and 2010, the interest accrued and not yet paid totalled 2.61 million euros.

a.2) Bank borrowings

	Average effective interest rate	Maturity	Thousands of euros	
			31/12/2011	31/12/2010
Group in Spain	3.92%	2012 - 2015	1,478	949
Group in Italy	3.85%	2012 - 2014	5,828	5,852
ICELA Group	TIE + 2.27%	2015	27,027	29,546
Group in Panama	Libor 3M + 3.50% (Floor 6.75%)	2016	14,267	6,496
Group in Mexico	TIE + 3.50%	2014	11,058	18,132
			59,658	60,975

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The items recognised under this heading correspond principally to debt contracted locally to expand the Group's activities in these countries, bearing interest at market rates. The most significant is the debt held by the ICELA Group to finance investments in the Banamex Centre, the Hipódromo and the Sala Royal.

Loans conceded to the Group in Italy are guaranteed by Codere Italia, S.p.A. and those conceded to the ICELA Group are guaranteed by CIE Holding.

The carrying amount of bank borrowings does not differ materially from its fair value at 31 December 2011 and 2010.

a.3) Other payables

Non-current liabilities recognised under "Other payables" at 31 December 2011 and 2010 total 38.95 million euros and 60.09 million euros, respectively and correspond principally to long-term payables recognised by Spanish companies for acquisitions and to payments due on exclusivity rights totalling approximately 11.22 million euros and 19.18 million euros in 2011 and 2010, respectively.

It also includes 3.46 million euros and 9.44 million euros at 31 December 2011 and 2010, respectively, corresponding to long-term debt in respect of deferred tax payments as approved for a certain number of gaming machines in the Spanish autonomous communities of Madrid, Cantabria, Valencia and Catalonia. The current payables are recorded under the heading "Other non-trade payables". These debts bear interest at the legal rate in Spain.

This heading also includes financial debt with third parties for the acquisition of licenses by Codere Network, S.p.A. to install and operate a new type of gaming machine in Italy (VLTs) for a total of 15.01 million euros.

a.4) Amounts payable on finance leases

The minimum payments due on finance leases at 31 December 2011 and 2010 are as follows:

	Gross paid		Thousands of euros	
	2011	2010	2011	Present value 2010
In the next financial year	16,276	15,898	14,705	14,172
From the 2nd to the 5th year	17,615	24,890	15,838	22,305
	33,891	40,788	30,543	36,477
Less:				
Future financial expenses	(3,349)	(4,311)		
Recognised as:				
Non-current debt on finance leases			15,838	22,305
Current debt on finance leases			14,705	14,172

Finance leases correspond principally to slot machines. The current payables are recorded under the heading "Other non-trade payables".

At 31 December 2011 and 2010, these included amounts of 10.02 million euros and 15.04 million euros, respectively, corresponding to long-term payables on finance leases for slot machines of the ICELA Group and Codere México, S.A. de C.V.

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The carrying amount of "Other long-term bank borrowings" does not differ materially from its fair value at 31 December 2011 and 2010.

The carrying amount recognised under this heading is denominated in the following currencies:

Currency	Thousands of euros	
	31/12/2011	31/12/2010
Euros	788,948	790,911
US dollars	33,567	46,792
Argentine pesos	412	1,305
Mexican pesos	45,982	47,679
Uruguayan pesos	3,066	3,440
Colombian pesos	563	667
Sterling	-	262
	872,538	891,056

The breakdown of long-term payables by type and maturity is as follows:

Year	Thousands of euros					
	31/12/2011			31/12/2010		
	Bank borrowings	Other long-term payables	Total	Bank borrowings	Other long-term payables	Total
2012				13,734	26,194	39,928
2013	14,125	19,558	33,683	7,858	11,417	19,275
2014	9,854	9,263	19,117	6,507	4,008	10,515
2015	30,493	755,605	786,098	29,576	747,324	776,900
2016	2,961	17,115	20,076			
Other	2,225	11,339	13,564	3,300	41,138	44,438
	59,658	812,880	872,538	60,975	830,081	891,056

b) Current liabilities

b.1) Bank borrowings

	Thousands of euros	
	Balance at 31/12/2011	Balance at 31/12/2010
Short-term loans	19,650	23,029
Discount lines and credit facilities	25,788	14,133
Interest accrued	129	97
	45,567	37,259
Total available	42,911	43,189
Total limit	88,478	80,448

The items recognised under this heading at 31 December 2011 included principally short-term debts with credit entities held by Codere México, S.A. de C.V of 4.69 million euros, the ICELA Group of 5.42 million euros, the Group in Italy of 7.82 million euros and the Group in Panama of 1.12 million euros.

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The items recognised under this heading at 31 December 2010 included principally short-term debts with credit entities held by Codere México, S.A. de C.V of 5.07 million euros, the ICELA Group of 5.92 million euros, the Group in Italy of 6.36 million euros and the Group in Panama of 5.14 million euros.

This heading also includes a credit line against which 28 million euros and 18 million euros had been drawn at 31 December 2011 and 2010, respectively. In October 2007, the Company obtained a senior credit line of 100 million euros for a maximum of three years conceded by Barclays Bank plc as agent. This comprised a revolving credit line of 60 million euros bearing nominal annual interest at Euribor +1.75% and 40 million euros in debt guarantees. The debt was issued subject to covenants to meet certain annual indicators, which the Company reviews regularly. These principally limit the Company's indebtedness levels and require it to meet certain financial coverage ratios. These requirements have been met at all times.

Said senior credit line was renewed on 15 June 2010. The new Senior Financing Agreement (multi-currency and multi-lender) increased the drawable amount to 120 million euros, extendable up to 180 million euros, bearing interest at Euribor/Libor +4.5% over three years.

The drawable balances (in thousands of euros), their maturities and the interest rates applicable at 31 December 2011 and 2010 are as follows:

Balance at 31/12/2011	Interest rate	Maturity date
5,000	5.712%	03/01/2012
20,000	5.671%	13/01/2012
3,000	5.657%	16/01/2012
28,000		
Balance at 31/12/2010	Interest rate	Maturity date
14,000	5.32%	13/01/2011
4,000	5.31%	31/01/2011
18,000		

An "Intercreditor Agreement" links existing guarantees to both categories of debt, bonds and senior debt, granting preference to the senior debt.

b.2) Other non-trade payables and deferred taxes

	Thousands of euros	
	Balance at 31/12/2011	Balance at 31/12/2010
Tax payable	110,930	83,436
Deferred payment taxes	44,335	36,737
Employee payables	20,205	17,058
Other payables	46,064	51,497
	221,534	188,728

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b.2.1) Tax payable

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

b.2.2) Deferred payment taxes

This heading includes amounts payable in respect of taxes on a certain number of slot machines in Spain in the autonomous communities of Madrid, Cantabria, Valencia, the Balearic Islands and Catalonia, the deferral of which the Company has requested and/or been granted, and which fall due within twelve months.

b.2.3) Other debts

This heading includes:

- Amounts payable in the short term on finance leases for slot machines which at 31 December 2011 totalled 14.70 million euros (14.17 million euros at 31 December 2010).
- Payables for exclusivity rights and to suppliers of property, plant and machinery to Spanish gaming machine companies totalling 4.60 million euros and 5.73 million euros at 31 December 2011 and 2010, respectively.
- Amounts payable in the short term for the acquisition of shares in Argentine companies from the holders of non-controlling interests in said companies, totalling 6.35 million euros and 6.70 million euros at 31 December 2011 and 2010, respectively.
- Amounts payable in the short term by Spanish companies totalling 4.00 million euros and 2.59 million euros at 31 December 2011 and 2010, respectively.

An additional 59 thousand euros was recognised at 31 December 2011 for potential losses on exchange rate hedging contracts taken out by Codere S.A. which had not matured at year end. This potential loss at 31 December 2010 totalled 4.12 million euros (see note 20).

b.3) Disclosure on deferred payments to suppliers. Third Additional Provision of Law 15/2010 of 5 July "Duty of disclosure"

In compliance with Law 15/2010 modifying Law 3/2004, establishing measures to fight late payments in commercial transactions, the payments due on such transactions and unpaid at the legal time limit by the Group's companies in Spain are disclosed below:

	Thousands of euros	% Total
Paid within the legal maximum period	58,172	84.47%
Other	10,695	15.53%
Total payments in the year	68,867	
Weighted average days past due (*)	37.48	
Payments delayed longer than legal maximum at the balance sheet date	3,594	

(*) The average time to pay in excess of the legal maximum.

The carrying amount of the current liabilities does not differ materially from their fair value at 31 December 2011 and 2010.

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c) Loans guaranteed by the Group

In addition to the shares in various Group companies pledged at 31 December 2011 and 2010 as described in paragraph a.1) above, debt totalling 50.95 million euros and 39.42 million euros, respectively, was guaranteed against property, plant and equipment belonging to several Group companies (see note 22).

d) Current liabilities by currency

Currency	Thousands of euros	
	31/12/2011	31/12/2010
Euros	139,894	143,449
US dollars	92,915	47,694
Argentine pesos	44,961	37,133
Mexican pesos	101,188	83,017
Uruguayan pesos	3,564	4,454
Colombian pesos	8,494	5,250
Sterling	11	793
Chilean pesos	100	104
Brazilian reales	2,124	4,591
	393,251	326,485

20. Derivative financial instruments

In 2011 the Group has continued to contract derivative financial instruments to reduce the impact of exchange rate fluctuations in respect of an identified amount of the revenues of its Argentine companies.

Changes in the fair value of derivatives, both those maturing in the financial year and those outstanding at year end, are taken to income. The impact on the income statement in 2011 was a profit of 0.90 million euros (a loss of 10.43 million euros in 2010). The balancing entry under equity of the fair value at 31 December 2011 totalled 59 thousand euros (4.12 million euros in 2010) and is recorded as a current liability under "Other debts" (note 19).

The fair value is determined on the basis of the listed price of the assets in active markets or using valuation techniques that are generally accepted in the financial markets and variables derived from observable market data.

The amounts in Argentine pesos, Mexican pesos, US dollars and euros, their maturity dates and the exchange rates used for these hedging operations, together with the impact on the income statement in 2011 and 2010, are as follows:

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2011

a) Expired

Monetary units in thousands				Euros		
Argentine pesos	US dollars	Agreed exchange rate	Maturity	Fair value at 31/12/10	Cash value at maturity date	Profit or loss generated in 2011
111,550	25,000	4.462	31/03/2011	(1,809)	(1,812)	(3)
116,900	25,000	4.676	30/06/2011	(2,334)	(2,418)	(84)
112,294	26,000	4.319	30/09/2011	(233)	(524)	(291)
122,836	28,000	4.387	30/12/2011	41	(435)	(476)
463,580				(4,335)	(5,189)	(854)

Monetary units in thousands				Euros		
Mexican pesos	US dollars	Agreed exchange rate	Maturity	Fair value at 31/12/10	Cash value at maturity date	Profit or loss generated in 2011
259,700	20,000	12.985	31/03/2011	(664)	(1,181)	(517)
188,085	15,000	12.539	30/06/2011	(1)	(659)	(658)
189,750	15,000	12.650	30/09/2011	15	859	844
637,535				(650)	(981)	(331)

Monetary units in thousands				Euros		
US dollars	Euros	Agreed exchange rate	Maturity	Fair value at 31/12/10	Cash value at maturity date	Profit or loss generated in 2011
25,000	18,916	1.322	31/03/2011	209	1,141	932
25,000	18,924	1.321	30/06/2011	207	1,611	1,404
26,000	19,690	1.321	30/09/2011	214	470	256
28,000	21,213	1.320	30/12/2011	233	(218)	(451)
104,000	78,743			863	3,004	2,141
Total				(4,122)	(3,167)	955

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b) Outstanding

Monetary units in thousands					Euros
Argentine pesos	US dollars	Agreed exchange rate	Maturity		Cash value at 31/12/2011
128,464	28,000	4.588	29/03/2012		(334)
140,476	30,000	4.683	29/06/2012		278
151,125	30,000	5.037	28/09/2012		(3)
420,065					(59)

The Group's maximum exposure to credit risk at the balance sheet date is the fair value of the financial instruments recognised as assets in the balance sheet. In 2011 and 2010 the Group had not recognised any assets of this type.

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2010

a) Expired

Monetary units in thousands					Euros
Argentine pesos	US dollars	Agreed exchange rate	Maturity		Gains at 31/12/2010
73,391	15,800	4.645	31/03/2010		(2,346)
86,835	21,000	4.135	30/06/2010		(880)
106,500	25,000	4.260	30/09/2010		(1,326)
106,063	25,000	4.243	30/12/2010		(1,191)
372,789					(5,743)
Monetary units in thousands					Euros
Mexican pesos	Euros	Agreed exchange rate	Maturity		Gains at 31/12/2010
153,347	7,900	19.411	31/03/2010		(1,264)
163,640	8,000	20.455	30/06/2010		(2,501)
316,987					(3,765)
Monetary units in thousands					Euros
Mexican pesos	US dollars	Agreed exchange rate	Maturity		Gains at 31/12/2010
188,085	15,000	12.539	30/09/2010		(29)
215,548	17,000	12.679	30/12/2010		(347)
403,633					(376)
Monetary units in thousands					Euros
US dollars	Euros	Agreed exchange rate	Maturity		Gains at 31/12/2010
15,800	11,195	1.411	31/03/2010		(550)
15,800					(550)
Total					(10,434)

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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 Tax Group in 2011 were as follows:

- Codere, S.A., as Parent Company and beneficiary.
- The following subsidiaries:

Spanish Tax Group 2011:

	CODERE ONLINE, S.A. (*)
CARTAYA, S.A.	CODERE VALENCIA, S.A.
CF-8, S.L.	CODERE ESPAÑA, S.L.U
CODERE AMERICA, S.L.	COLONDER, S.A.
CODERE ASESORIA, S.A.	DESARROLLO ON LINE JUEGOS REGULADOS, S.A. (*)
CODERE APUESTAS ESPAÑA, S.L.U. (*)	JM. QUERO ASOCIADOS, S.A.
CODERE APUESTAS, S.A.U (*)	JPV MATIC 2005, S.L.
CODERE APUESTAS ARAGÓN, S.L.U. (*)	JUEGOS DE BINGO, S.A.
CODERE APUESTAS NAVARRA S.A.U. (*)	MISURI, S.A.
CODERE APUESTAS VALENCIA, S.A.U. (*)	NIDIDEM, S.L. U
CODERE BARCELONA, S.A.	OPERIBERICA, S.A.
CODERE DISTRIBUCIONES, S.L.	RED AEAM S.A.
CODERE INTERACTIVA, S.L.	RECREATIVOS POPULARES,S.L.
CODERE INTERNACIONAL, S.L. U	RECREATIVOS MAE, S.L.
CODERE LOGROÑO, S.L.	SIGIREC, S.L.
CODERE MADRID, S.A.	SUPER PIK, S.L.

(*) These companies were added to the scope of consolidation in 2011. The company Recreativos Cósmicos, S.L. was removed from the scope of consolidation on the disposal thereof.

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Spanish Tax Group 2010:

CODERE, S.A.	JUEGOS DE BINGO, S.A.
CARTAYA, S.A.	MISURI, S.A.
CF-8, S.L.	NIDIDEM, S.L.
CODERE AMERICA, S.L.	OPERIBERICA, S.A.U
CODERE ASESORIA, S.A.	RECREATIVOS MAE, S.L.
CODERE BARCELONA, S.A.	RED AEAM S.A.
CODERE DISTRIBUCIONES, S.L.	RECREATIVOS COSMICOS, S.L.
CODERE ESPAÑA, S.L.	RECREATIVOS POPULARES, S.L.
CODERE INTERACTIVA, S.L.	SIGIREC, S.L.
CODERE INTERNACIONAL, S.L.	SUPER PIK, S.L.
CODERE LOGROÑO, S.L.	COLONDER, S.A.
CODERE MADRID, S.A.	JM. QUERO ASOCIADOS, S.A.
CODERE VALENCIA, S.A.	JPV MATIC 2005, S.L.

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 subsidiaries included in each of these groups in 2011 and 2010 are as follows:

Tax groups in Italy 2011

Codere Italia Group	Operbingo Italia Group
Codere Italia S.p.A.	Operbingo Italia S.p.A.
Cristaltec Service S.r.l.	Bingo Re S.r.l.
Seven Cora Service S.r.l.	Bintegral S.p.A.
Vasa e Azzena Service S.r.l.	Bingo Oasis S.r.l.
Opergiochi Italia S.r.l.	Immobilgest S.r.l.
Codestrada S.r.l.	Gestioni Marconi S.r.l.
Gaming New S.r.l.	Giomax S.r.l.
Codere Network S.p.A.	Opergames S.r.l.
Codematica S.r.l.	Winner Bet S.r.l.
Codere Gaming Italia S.r.l.	Palace Bingo S.r.l.
FG Slots Service SRL (*)	Parisienne S.r.l.
	Maxibingo S.r.l.
	Vegas S.r.l.
	King Bingo SRL (*)
	King Slot SRL (*)

(*) These companies were added to the scope of consolidation in 2011.

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Tax groups in Italy 2010

Codere Italia Group	Operbingo Italia Group
Codere Italia S.p.A.	Operbingo Italia S.p.A.
Cristaltec Service S.r.l.	Bingo Re S.r.l.
Seven Cora Service S.r.l.	Bintegral S.p.A.
Vasa e Azzena Service S.r.l.	Bingo Oasis S.r.l.
Opergiochi Italia S.r.l.	Immobilgest S.r.l.
Codestrada S.r.l.	Gestioni Marconi S.r.l.
Gaming New S.r.l.	Giomax S.r.l.
Codere Network S.p.A.	Opergames S.r.l.
Codematica S.r.l.	Winner Bet S.r.l.
Codere Gaming Italia S.r.l.	Palace Bingo S.r.l.
	Parisienne S.r.l.
	Maxibingo S.r.l.
	Vegas S.r.l.

The other companies file individual Corporate Income Tax returns.

Companies domiciled in Spain are subject to Corporate Income Tax at 30% in 2011. Nevertheless, certain deductions may be applied to the amount payable. Companies domiciled outside Spain are subject to the tax legislation and rates of the country in which they are located, which vary between 25% and 35%, except in Chile, where the tax rate is 20%.

Under current legislation, tax settlements cannot be considered to be final until the tax returns filed have been inspected by the tax authorities or until the applicable statute-of-limitations period has expired.

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 that, in the event of inspection, significant additional liabilities would arise.

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The reconciliation of accounting income before taxes for the year to the income tax expense, at the Corporate Income Tax rate currently applicable, is as follows:

	Thousands of euros	
	2011	2010
Consolidated profit/(loss) before tax	94,171	75,477
Corporate Income Tax at the basic rate of 30%	28,251	22,643
Difference arising from rates applied in other countries	6,452	5,656
Tax effect of unrecognised tax losses and permanent differences	25,381	22,205
Tax loss carryforwards capitalised	(1,704)	(5,145)
Corporate Income Tax expense taken to the consolidated income statement	58,380	45,359

The amount recorded under "Difference arising from rates applied in other countries" corresponds to the difference arising from applying the nominal rate of 30% in Spain in 2011 and 2010 to consolidated profit/(loss) before tax, and applying the rate applicable in each country. The amounts of 6.45 million euros and 5.66 million euros at 31 December 2011 and 2010, respectively, correspond principally to the difference arising from the application of the rates in Spain and Argentina, where the nominal rate is 35%.

The heading "Tax effect of unrecognised tax losses and permanent differences" includes the following items:

- Tax effect of unrecognised tax losses: includes the tax effects of tax losses not recognised at 31 December 2011 and 2010, principally in Spain and Brazil.
- Permanent differences: differences arising from the application by Group companies of the nominal 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 revenues from the sale of goods and services and interest received by Codere S.A..

The heading "Tax loss carryforwards capitalised" principally corresponds to the capitalisation in 2011 of tax loss carryforwards of the company Garaipen Victoria Apustuak, S.L.

CODERE, S.A. AND SUBSIDIARIES
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The calculation of the Corporate Income Tax expense for 2011 is as follows:

	Thousands of euros
	2011
Consolidated profit/(loss) before tax	94,171
Permanent differences	20,681
Timing differences	17,553
Use of previously unrecognised tax losses	(13,987)
Tax base (taxable income)	118,418

Companies' timing differences principally correspond to differences in the useful lives of intangible assets and property, plant and equipment for tax and accounting purposes.

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

The main components of the Corporate Income Tax expense for 2011 are as follows:

	Thousands of euros
	2011
Consolidated Income Statement	
Corporate income tax	
- Corporate income tax expense	40,663
- Foreign taxes and other adjustments to the income tax expense	23,710
- Deferred corporate income tax	
- Increases and decreases in timing differences (note 12)	(4,289)
Other adjustments to the income tax expense	
- Capitalisation of tax loss carryforwards in the year (note 12)	(1,704)
Corporate income tax expenses	58,380

The tax effect of unrecognised tax losses is reflected in adjustments to the tax expense. This heading also includes amounts paid for taxes equivalent to Corporate Income Tax in Mexico and Italy.

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The breakdown of tax loss carryforwards pending offset by the Codere Group at 31 December 2011 and 2010 after settlement of the tax expense for both periods is as follows (in thousands of euros):

Company	Thousands of euros	
	2011	2010
Codere, S.A. (Tax Group)	335,393	321,752
Rest of Spain	33,721	43,792
Italy	49,751	78,997
Mexico	61,643	35,553
Argentina	641	679
Panama	8,254	5,660
Uruguay	3,246	1,224
Brazil	23,969	22,405
Colombia	20,093	33,634
	536,711	543,696

Unrecognised deferred tax assets at 31 December 2011 and 2010 totalled 148.08 million euros and 139.24 million euros, respectively.

The tax credit which may be generated by these tax loss carryforwards in respect of corporate income tax for the next few years is not recognised in the Group's consolidated balance sheet, except for capitalised tax credits totalling 27.18 million euros corresponding to Codere S.A. (8.45 million euros), certain Italian companies (10.20 million euros), Garaipen Victoria Apustuak, S.L. (4.95 million euros) and the Mexican Joint Opcos (2.87 million euros).

Said tax loss carryforwards from 2011 expire as follows (in thousands of euros):

Year	Thousands of euros			
	2011		2010	
	Spain	Other countries	Spain	Other countries
2010	-	-	-	-
2011	-	8,453	48	6,843
2012	30	3,861	30	11,962
2013	54	5,626	54	5,482
2014	1,064	2,620	1,064	6,727
2015	1,576	2,939	1,576	2,888
2016	5,374	3,825	5,374	5,721
2017	3,917	2,210	3,917	5,240
2018	14,279	14,237	14,279	22,309
2019	38,858	4,514	38,858	137
2020	39,223	16,491	39,223	88
2021	84,239	20,366	84,239	-
2022	64,021	-	68,403	-
2023	16,756	-	26,235	-
2024	46,098	-	46,401	-
Later years	53,625	1,420	35,843	389
Indefinite	-	81,034	-	110,366
	369,114	167,596	365,544	178,152

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The deductions pending application by the Codere Group at 31 December 2011 and 2010 and their expiry dates are as follows:

Expiry date	2011	2010
2011	-	1,050
2012	878	878
2013	846	846
2014	946	946
2015	814	814
2016	867	867
2017	1,093	1,093
2018	3,284	3,284
2019	7,256	7,256
2020	2,611	2,611
2021	6,417	-
Total	25,012	19,645

These deductions have not been capitalised.

22. Guarantee commitments 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 as an operating company to Group companies when financial entities require guarantees from the Parent Company.

The breakdown of endorsements and bank guarantees at 31 December 2011 and 2010 is as follows (in thousands of euros):

	Thousands of euros	
	Balance at 31/12/2011	Balance at 31/12/2010
Endorsements and guarantees		
Endorsements and guarantees for gaming	80,277	56,365
Other guarantees	11,776	13,681
	92,053	70,046

The most significant endorsements and bank guarantees for gaming operations at 31 December 2011 and 2010 correspond to guarantees given by Codere, S.A. 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. to install and operate a gaming management network in Italy, totalling 16 million euros at 31 December 2011. This guarantee is partially provisioned as described in notes 4.e and 18.

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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 million euros at 31 December 2011 and 2010.

Codere S.A. also uses Surety Policies to guarantee its obligations to the National Gaming Commission in respect of general and individual gaming licenses totalling 9 million euros at 31 December 2011 (zero at 31 December 2010).

Codere S.A. acts as the main guarantor of the bonds issued by Codere Finance (Luxembourg), S.A. via a loan contract 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.

Codere S.A. has also provided other non-bank guarantees including guarantees issued by Generali in Italy for the lease of premises and bingo concessions held by the Operbingo Group totalling 7.1 million euros, with counter-guarantees provided 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.

The companies listed in the table below own land, buildings and machines which are used in guarantee of bank loans and requests to defer taxes (in the case of Spanish companies) valued as follows (in thousands of euros):

	Thousands of euros		
	31/12/2011		
	Land and buildings (*)	Machines (*)	Total
Alta Cordillera, S.A.	290	-	290
Automáticos Mendoza S.L.	2,850	-	2,850
Codere Madrid, S.A.U.	-	27,194	27,194
Operibérica, S.A.	2,609	213	2,822
Codere Valencia S.A.	136	6,087	6,223
Codere Asesoría, S.A.	4,333	-	4,333
Codere Barcelona, S.A.	3,604	-	3,605
Codere Gandía, S.A.	148	-	148
Recreativos Mae, S.L.	1,409	-	1,409
Codere Navarra, S.L.	194	-	194
Gistra, S.L.	176	-	176
Recreativos Ruan, S.A.	48	-	48
J.M.Quero S.A.	1,182	-	1,181
Primer Continente, S.L.	475	-	475
	17,454	33,494	50,948

(*) The amounts included under Machines correspond to the value guaranteed while the amount recognised under Land and buildings is stated at the carrying amount.

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23. Revenue and expenses

a) Other revenue

This heading corresponds principally to revenues received under an exclusivity agreement with a machines supplier in Mexico derived from the installation of machines by said supplier in gaming premises not operated by the Codere Group.

b) Consumables and other external expenses

This heading corresponds to food and drink consumables, principally in Mexico, Argentina, Spain and Panama. Up to 31 March 2011 it also included slot machine rental expenses which were subsequently recharged to the Joint Opcos.

The items covered by the agreement with the Caliente Group up to 16 July 2010 included certain expenses in respect of machines, including the cost of said machines and other costs (bingo hall managers' salaries, expenses in respect of operating the machines, etc.). These expenses were recorded under "Consumables and other external expenses".

c) Other operating expenses

	Thousands of euros	
	2011	2010
Gaming taxes	397,306	321,969
Other rates and taxes	32,555	35,493
Independent professional services	50,574	33,298
Lease of machines	44,275	11,455
Other leases	44,791	36,652
Utilities	32,775	22,814
Travel expenses	6,418	5,205
Advertising and public relations	26,718	25,840
Repairs and maintenance	31,402	22,981
Insurance premiums	3,055	2,684
Other services	83,048	75,678
Other operating expenses	6,595	12,173
	759,512	606,242

The higher expense in respect of the lease of machines is due to the incorporation of the Joint Opcos in the scope of consolidation from March 2011. The higher gaming tax expense is due principally to higher gaming taxes in Argentina.

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d) Staff costs

The breakdown of consolidated staff costs in 2011 and 2010 is as follows (in thousands of euros):

	Thousands of euros	
	2011	2010
Wages, salaries and similar expenses	203,468	159,496
Social security	55,005	43,858
Other welfare expenses	3,346	1,080
Total	261,819	204,434

"Wages, salaries and similar expenses" includes termination benefits paid in 2011 and 2010 of 3.15 million euros and 4.08 million euros, respectively.

e) Staff

The distribution of the Codere Group's staff in 2011 and 2010 is approximately as follows:

	2011		2010	
	Number of employees		Number of employees	
	Men	Women	Men	Women
Senior managers	163	36	157	28
Middle management	690	195	545	135
Specialists	251	125	170	113
Administrative staff	1,278	978	1,127	937
Clerical assistants	584	354	590	373
Sales staff	2,833	2,142	2,380	1,893
Collectors	735	225	387	124
Mechanics	544	39	472	5
Other staff	6,161	3,436	5,381	2,875
Others	12	21	0	0
Total	13,251	7,551	11,209	6,483

The average distribution of staff at 31 December 2011 and 2010 does not differ significantly from the average distribution during the year, except for the staff of the Joint Opcos (2,812 employees) which were incorporated in the Codere Group in March 2011.

The staff numbers are based on 100% of the workforce irrespective of the consolidation method used for each company. The increase in staff numbers is principally due to the incorporation of the employees of the Joint Opcos.

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f) Basic and diluted earnings per share

Basic and diluted earnings per share

December 2011			December 2010		
Profit/(loss) for the year (thousands of euros)	Average number of shares	Earnings per Share	Profit/(loss) for the year (Thousands of euros)	Average number of shares	Earnings per Share
35,791	54,964,495	0.65	31,441	55,010,775	0.57

Basic and diluted earnings per share attributable to the Parent Company

December 2011			December 2010		
Profits/(loss) (thousands of euros)	Average number of shares	Earnings per Share	Profits/(loss) (thousands of euros)	Average number of shares	Earnings per Share
52,152	54,964,495	0.95	29,331	55,010,775	0.53

Basic and diluted earnings per share on continuing operations attributable to the Parent Company

December 2011			December 2010		
Profits/(loss) (thousands of euros)	Average number of shares	Profits/(loss) per share	Earnings (thousands of euros)	Average number of shares	Earnings per share
52,152	54,964,495	0.95	28,008	55,010,775	0.51

Basic and diluted earnings per share from discontinued operations

December 2011			December 2010		
Earnings (thousands of euros)	Average number of shares	Earnings per share	Earnings (thousands of euros)	Average number of shares	Earnings per share
-	-	-	1,323	55,010,775	0.02

The calculation of diluted earnings per share includes adjusting the weighted average number of shares outstanding to reflect the conversion of all dilutive potential ordinary shares. For this purpose the 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 2011 and 2010 the Group had no dilutive potential ordinary shares, as no convertible debt had been issued and the share-based remuneration systems (note 16) do not involve any capital increase for the Group which could have a dilutive effect in the future.

Including treasury shares, the diluted earnings per share for 2011 are calculated on the basis of an average number of shares of 54,964,495 (55,010,775 in 2010).

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g) Financial revenues and expenses

	Thousands of euros	
	2011	2010
Financial expenses		
Contractual expenses and interest	85,701	77,522
Unwinding of provisions and other liabilities	784	383
Other financial expenses	1	-
	86,486	77,905
Financial income		
Interest income	11,654	7,698
Income from securities, loans and other assets	769	543
Other financial income	4,467	407
	16,890	8,648

h) Net gains/(losses) on exchange

Items recognised under this heading in 2011 included 79.00 million euros of positive exchange differences and 75.86 million euros of negative exchange differences. Items recognised under this heading in 2010 included 23.08 million euros of positive exchange differences and 22.07 million euros of negative exchange differences.

i) Profit/(loss) from discontinued operations

Following the disposal of its direct gaming machines business in Italy via the sale of Gaming Services, S.r.l. and Gaming Re, S.r.l. in 2008, the Codere Group restructured its management and administration functions in Italy at an estimated cost of 3 million euros. This cost was provisioned at 31 December 2008 under "Profit/(loss) from discontinued operations". At 31 December 2010 the real cost of said restructuring was found to be less than 3 million euros and the remaining provision of 1.32 million euros was reversed against the heading "Profit/(loss) from discontinued operations".

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24. Additional information on the consolidated cash flow statement

24.1 Cash and cash equivalents

	Thousands of euros	
	2011	2010
Cash equivalents	7,936	3,810
Cash and banks	127,756	86,791
	135,692	90,601

Currency	Thousands of euros	
	2011	2010
Euros	52,069	49,751
US dollars	14,190	15,855
Argentine pesos	39,719	14,887
Mexican pesos	25,674	7,117
Uruguayan pesos	932	479
Colombian pesos	1,911	2,322
Pounds sterling	4	-
Chilean pesos	105	67
Brazilian reales	1,088	123
	135,692	90,601

24.2 Comments on the cash flow statement for the financial year ended 31 December 2011

Net cash flows from operating activities:

Net cash generated from operating activities in 2011 totalled 232.29 million euros, up 16.5% on the previous year (199.33 million euros).

Net cash flows from investment activities:

Cash flows applied to investment activities include payments for the acquisition of assets totalling 105.69 million euros, receipts from the sale of assets of 1.33 million euros and net receipts of 1.22 million euros from long-term loans. The breakdown of this latter figure is as follows: a net decrease of 0.99 million euros in the balance of loans to the owners of food and drink establishments in Spain (loans paid out of 4.97 million euros net of receipts of 5.96 million euros) and net receipts of 0.23 million euros on long-term loans granted to the owners of premises in Italy (loans paid out of 12.94 million euros net of receipts of 13.17 million euros). Cash paid in respect of acquisitions of companies (net of the cash acquired) totalling 13.68 million euros includes deferred payments totalling 5.44 million euros for the acquisition of non-controlling interests in Argentina, 2.15 million euros for the acquisition of operators in Spain, 8.47 million euros for the acquisition of machine and bingo operators in Italy, the opening cash balances of the entities acquired and the payment of the ICELA purchase option.

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Net cash flows from financing activities:

Cash flows applied to financing activities totalled 67.84 million euros. The main movements in 2010 were:

- A net increase of 16.36 million euros from the use of the 10 million euros senior credit line, and net funds obtained from the cancellation and reissue of bonds by Hípica Rioplatense Uruguay totalling 6.36 million euros.
- A net decrease in other bank loans of 0.32 million euros due mainly to the cancellation of loans in Mexico, which offset funds obtained from new loans, principally in Panama, Italy and Spain.
- A negative movement under Other payables of 4.38 million euros, comprising a decrease in the debt for deferred taxes in Spain of 7.57 million euros, a decrease in financial assets of 3.46 million euros, expenses of 0.03 million euros incurred to renew the senior credit line and 0.23 million euros in expenses incurred in respect of the bond issue by Hípica Rioplatense Uruguay.
- 0.72 million euros to acquire treasury shares.
- Dividends paid to non-controlling interests of 2.25 million euros, financial expenses of 78.19 million euros, financial revenues received of 4.39 million euros and a negative net movement in funds due to exchange differences of 2.73 million euros (exchange losses of 14.76 million euros net of gains of 12.03 million euros).

A negative effect of 2.54 million euros due to the impact of exchange rate fluctuations on the conversion of cash balances.

Cash and cash equivalents decreased by 47.63 million euros in 2011.

24.3 Comments on the cash flow statement for the financial year ended 31 December 2010

Net cash flows from operating activities:

Net cash flows from operating activities in 2010 totalled 199.33 million euros.

Net cash flows from investment activities:

Cash flows applied to investment activities include payments for the acquisition of assets totalling 111.91 million euros, receipts from the sale of assets of 0.20 million euros and net receipts of 7.95 million euros from long-term loans. The breakdown of this latter figure is as follows: 6.48 million euros received from Caliente (loans paid out of 3.20 million euros and repayments received of 9.68 million euros), a net decrease of 1.62 million euros in the balance of loans to the owners of food and drink establishments in Spain (loans paid out of 7.57 million euros net of receipts of 9.19 million euros) and net receipts of 0.16 million euros on long-term loans granted to the owners of gaming machine premises in Italy (loans paid out of 9.97 million euros net of receipts of 9.81 million euros). Cash paid in respect of acquisitions of companies (net of the cash acquired) totalled 54.33 million euros, principally for the acquisition of Thunderbird for 29.86 million euros, deferred payments totalling 5.61 million euros for the acquisition of non-controlling interests in Argentina, 9.26 million euros for the acquisition of ICELA, 3.37 million euros for the acquisition of operators in Spain, and 5.43 million euros for the acquisition of an operating company and bingo hall in Italy.

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Net cash flows from financing activities:

Cash flows applied to financing activities totalled 46.05 million euros. The main movements in 2010 were:

- A positive movement of 95.01 million euros comprising the nominal value of the bonds issued of 100 million euros less a discount of 6 million euros and funds received in respect of interest accrued on said bonds from 15 June 2010 of 1.01 million euros.
- A net increase of 14.93 million euros from the use of the 16 million euros senior credit line, less the cancellation of bonds issued by Hípica Rioplatense Uruguay totalling 1.07 million euros.
- A net decrease in other bank loans of 26.55 million euros due mainly to the cancellation of loans in Colombia, Mexico, the gaming machines business in Spain and bingo halls in Italy which offset funds obtained from new loans, principally in Italy.
- A negative movement under Other payables of 64.01 million euros, comprising an increase in the debt for deferred taxes in Spain of 4.23 million euros, an increase in financial assets of 58.17 million euros (including the 51.40 million euros loan granted to the operators included in the agreement with Caliente), expenses of 4.87 million euros incurred to renew the senior credit line and 5.20 million euros in expenses incurred in respect of the bond issue.
- Dividends paid to non-controlling interests of 2.27 million euros, financial expenses of 70.90 million euros, financial revenues received of 3.10 million euros and a positive net movement in funds due to exchange differences of 4.72 million euros (exchange gains of 13.63 million euros net of losses of 8.91 million euros).

A positive effect of 5.21 million euros due to the impact of exchange rate fluctuations on the conversion of cash balances.

Cash and cash equivalents decreased by 4.81 million euros in 2010.

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25. Transactions with related parties

Transactions with related parties not belonging to the Group at 31 December 2011 and 2010 were as follows (in thousands of euros):

2011	Nature of relationship	Thousands of euros	
		Loans	Services provided
Encarnación Martínez Sampedro	Key Manager/Member of the Board	483	-
Luis Javier Martínez Sampedro	Key Manager/Member of the Board	967	-
Rafael Catalá	Key Manager	97	-
Robert Gray	Adviser to the Board	2,104	36
Ricardo Moreno	Key Manager	484	-
Fernando Ors	Key Manager	145	-
Jaime Estalella	Key Manager	97	-
José Ramón Romero	Member of the Board	483	488
José Ramón Ortúzar	Key Manager	145	-
Arturo Alemany	Adviser	938	-
Pedro Vidal	Key Manager	145	-
David Elízaga	Key Manager	97	-
Adolfo Carpena	Key Manager	97	-
		6,282	524

2010	Nature of relationship	Thousands of euros	
		Loans	Services provided
Encarnación Martínez Sampedro	Key Manager/Member of the Board	473	-
Luis Javier Martínez Sampedro	Key Manager/Member of the Board	947	-
Masampe, S.L.	Member of the Board	-	538
Recreativos Metropolitano	Related businesses	-	324
Rafael Catalá	Key Manager	95	-
Robert Gray	Adviser to the Board	2,065	38
Ricardo Moreno	Key Manager	474	-
Fernando Ors	Key Manager	142	-
Vicente Di Loreto	Key Manager	95	-
Jaime Estalella	Key Manager	95	-
José Ramón Romero	Member of the Board	473	450
José Ramón Ortúzar	Key Manager	142	-
Arturo Alemany	Adviser	901	-
Pedro Vidal	Key Manager	142	-
David Elízaga	Key Manager	95	-
Adolfo Carpena	Key Manager	95	-
		6,234	1,350

Transactions with related parties were carried out on an arm's length basis. No provisions were made in the years ended 31 December 2011 and 2010 for doubtful debts with related parties.

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The principal transactions with related parties were the following:

a) Framework slot machine purchase agreement with Recreativos Franco, S.A

In December 2008 the Codere Group signed a framework agreement with Recreativos Franco, S.A., in force until 30 November 2010, under which the Group would acquire machines from Recreativos Franco, S.A. with a deferred payment arrangement and establishing a buy-back agreement whereby Recreativos Franco is obliged to repurchase said machines when so required by Codere.

On 1 April 2009 Codere signed a new framework agreement with Recreativos Franco for the lease of machines, in force until 31 March 2012. The Codere Group may rent these machines to companies within the Group.

b) Ballesteros operation

In September 2000, Hispano Chilenos, S. A. a company owned by Mr. Jesús Franco, ceded to the Codere Group its rights and obligations to acquire 50% of the shares in Ballesteros Group for a total price of 15.5 million euros. The Ballesteros Group is a Spanish bingo operator with twelve bingo halls in the Spanish autonomous community of Castilla-León, one in Venezuela and other bingo licenses in Venezuela. The Codere Group was involved in a legal dispute with the Ballesteros Group until 2009. The legal claims made by both parties were initially rejected. The Ballesteros Group sued Codere for 24 million euros, against which Codere presented a written appeal in June 2007. The Ballesteros Group did not appeal this ruling. On 23 September 2009 the Provincial Court of Madrid ruled against Mr. José Ballesteros and his spouse, ordering them to repay approximately 12 million euros to the Codere Group. The Codere Group filed an additional appeal claiming the interest accrued on this amount since the original claim was filed.

At the start of 2010 said amount was repaid to the Codere Group. The Group therefore reversed a provision of approximately 12 million euros, recognising said reversal in the consolidated income statement for 2009.

On 23 November 2011, the Supreme Court ruled against Mr. José Ballesteros and his spouse, ordering them to pay the interest accrued from the date of the original claim. Since the close of the 2011 financial year, the Group has reached an agreement with Mr. José Ballesteros, pending legal formalisation, stipulating the repayment of a total of 5 million euros of which 2 million euros will be paid on the formalisation of the agreement and the remaining 3 million euros will be paid in monthly instalments over the three years from 20 March 2012, bearing interest at a fixed rate of 3%. The amount of 5 million euros was recognised under financial revenues in the income statement for 2011.

c) Lease of other offices

The Codere Group's technical, service and collection staff in the autonomous community of Madrid are based in premises located in Getafe and Coslada leased from Francomar Investments, S.A. (a company related to the main shareholders of Codere, S.A.).

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d) Directors' and key management' remuneration

The salaries, subsistence allowances and other remuneration paid to the members of the Board of Directors of Codere S.A. are as follows (in thousands of euros):

	Thousands of euros	
	2011	2010
Remuneration paid to members of the Board of Directors	585	594
Provision of services (*)	488	1,319
Fixed and variable remuneration	<u>1,746</u>	<u>351</u>
	<u>2,819</u>	<u>2,264</u>

(*) This amount included fees of 0.49 million euros and 0.45 million euros paid in 2011 and 2010, respectively, to the legal firm of Director Mr. José Ramón Romero in respect of legal advice provided to the Codere Group.

The fixed remuneration received by the Company's executive directors in 2011 was as follows:

	Gross amounts paid (thousand euros)			
Member of the Board	Fixed remuneration	Fixed remuneration as Member of the Board	Remuneration for attendance at Board meetings	Total
Mr. José Antonio Martínez Sampedro	903	30	20	953
Mr. Luis Javier Martínez Sampedro	641	30	20	691
Ms. Encarnación Martínez Sampedro	202	30	20	252
Total	1,746	90	60	1,896

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The fixed remuneration paid to the Company's non-executive directors in 2011 for their membership of the Board of Directors and the Company's other committees (the Audit Committee, Compliance Committee and Corporate Governance Committee) was as follows:

Member of the Board	Gross amounts paid (thousand euros)						Total
	Fixed remuneration as Member of the Board	Remuneration for attendance at Board meetings	Remuneration paid to the Vice-Chairman	Remuneration for attendance at Audit Committee meetings	Remuneration for attendance at Compliance Committee meetings	Remuneration for attendance at Corporate Governance Committee meetings	
Masampe S.L. (1)	30	20	40		7	9	106
Mr. José Ignacio Cases Méndez	30	20	-		7	9	66
Mr. Joseph Zappala	30	18	-	8	6	-	62
Mr. José Ramón Romero Rodríguez	30	20	-	8	7	-	65
Mr. Eugenio Vela Sastre	30	20	-	9	-	9	68
Mr. Juan José Zornoza Pérez	30	20	-	9	-	9	68
Total	180	118	40	34	27	36	435

(1) Represented by Mr. Fernando Lorente Hurtado.

The total remuneration paid to key management in 2011 and 2010 was 5.29 million euros and 5.02 million euros, respectively. Termination benefits totalling 0.36 million euros were paid to key managers in 2011. 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 value of the redundancy payments under said contracts totalled 1.4 million euros at 31 December 2011 and 1.2 million euros at 31 December 2010.

No advances had been conceded to members of the Board of Directors at 31 December 2011 and 2010. The Group has no obligations regarding pensions with former or current members of the Board. Loans conceded to Directors and key management are detailed in note 16.

In accordance with article 229.1 of the Spanish Corporate Enterprise Act, approved by Royal Decree 1/2010 of 2 July, Directors must inform the Board of Directors or, if not possible, the other Directors, of any direct or indirect conflict of their interests with those of the Company. The Director concerned must abstain from participating in any agreements or decisions relating to the operation

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to which said conflict of interests applies. The company's Directors declare 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 detailed in Appendix III.

In addition, they have not carried out, for their own account or for the account of others, any activities that are identical, similar or complementary to the activity that constitutes the corporate purpose of the Group companies.

The Directors, or persons acting on their behalf, have not carried out any transactions with the Company which do not form part of normal trading operations or which are not carried out under normal market conditions.

e) Balances with the Caliente Group

The Joint Opcos recognise receivables from companies of the Caliente Group not acquired by Codere totalling 26.39 million euros (note 11).

f) Balances with the CIE Group

The Codere Group subsidiary Administradora Mexicana del Hipódromo, S.A. de C.V. recognises a receivable of 6.10 million euros from Marke Pro, S.A. de C.V., a subsidiary of the CIE Group in respect of advertising and sponsorship.

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26. Auditors' remuneration

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

	Thousands of euros			
	PricewaterhouseCoopers Auditores, S.L.	Other companies in the PwC group	Other auditors	Total
2011				
Auditing services	339	1,328	31	1,698
Other verification services	124	636	-	760
Tax advice	-	56	-	56
Other services	-	93	-	93
	463	2,113	31	2,607
2010				
Auditing services	328	982	24	1,334
Other verification services	68	419	-	487
Tax advice	-	42	-	42
Other services	-	60	-	60
	396	1,503	24	1,923

27. Environmental issues

Environmental activity is considered to be any operations the main purpose of which is to minimize environmental impact and to protect and improve the environment.

In the financial years ended 31 December 2011 and 2010, the company did not make any major investments of an environmental nature.

No provision is recognised in the consolidated balance sheet for environmental activities, as the Group had no obligations at year end in respect of measures to reduce or repair damage caused to the environment or, if such obligations exist, they are not material.

The possible contingencies, indemnities and other risks of an environmental nature which may be incurred by the Group are adequately covered with the civil liability insurance policies it has contracted.

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28. Events after the balance sheet date

Issue of corporate debt

On 8 February 2012 Codere Finance (Luxembourg), S.A. effected a USD 300 million (226 million euros) bond issue maturing in 2019 with an issue price of 100%. This issue, with a coupon of 9.25%, was guaranteed by Codere S.A. and several of its subsidiaries. Interest is payable every six months on 15 February and 15 August.

The funds obtained from this issue were used to finance the acquisition of 35.8% of ICELA and to cover other corporate expenses.

The following companies were added as guarantors following the bond issue:

Codere Apuestas España, S.L.U.
Codere Apuestas Navarra, S.A.U.
Codere Apuestas Aragón, S.L.U.
Codere Internacional Dos, S.A.U.

Codere Apuestas, S.A.U.
Codere Apuestas Valencia, S.A.U.
Codere América, S.A.U.
Itapoan S.A.

Acquisition of ICELA

On 15 August 2011, Codere acquired for MXN 35 million (approximately 2 million euros) a purchase option (the "Agreement") to acquire, subject to certain conditions, in addition to the 49% it already held, 35.8% of the share capital of ICELA from Corporación Interamericana de Entretenimiento, S.A.B. de C.V. ("CIE"). This option was exercisable up to 30 June 2012 (note 11).

On 25 January 2012, Codere signed a contract with CIE ("Contract to acquire ICELA") under which the Group acquired, via the entity Codere México, an additional 35.8% of the share capital of ICELA. The transaction was completed on 8 February for a total price of MXN 2.65 billion (approximately 158 million euros), which amount was settled by Codere on that date.

The Contract to acquire ICELA contained the following additional clauses:

- Codere acquired an option to purchase from CIE the remaining 15.2% of ICELA's share capital at a substantially similar price per share to that agreed for the purchase of the 35.8%, subject to certain adjustments. This option is exercisable until 30 June 2014, subject to compliance with certain conditions, including the approval of Cofeco.
- If Codere sells its holding in ICELA via a public offering prior to 30 June 2014, it must include in said offering the 15.2% held by CIE should CIE so request. In this event, the Codere Group may opt to include CIE's remaining 15.2% of the shares of ICELA in the sale, or to acquire them at a similar price per share to that agreed for the purchase of the 35.8%.
- Provided its holding in ICELA is at least 5%, CIE will have a purchase option to acquire Codere's shares in Grupo Inverjuego, S.A. de C.V., Jomaharho, S.A.P.I. de C.V. and Grupo Caliente, S.A.P.I. de C.V. This option is exercisable for one year from 30 June 2014.

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- In the event of the Caliente Group acquiring the Codere Group's shares in Jomaharho, Grupo Caliente and Grupo Inverjuego, S.A.P.I. de C.V., CIE will have the option to sell its shares in ICELA to the Codere Group.

At 31 December 2011, the Codere Group's 49% holding in ICELA was consolidated using the equity method. The 84.8% holding in 2012 will be fully consolidated.

At the date these statements were prepared the initial accounting for this business combination was incomplete. The provisional values of the consideration paid, the assets and liabilities acquired and the non-controlling interest at the acquisition date are detailed in the following table:

	Thousands of euros
Consideration paid for the additional 35.8% of ICELA	158,031
Fair value of the original 49% holding in ICELA	216,299
	374,330
Provisional value of the identifiable assets acquired and liabilities assumed	207,008
Non-controlling interests	(31,465)
Goodwill	198,787
Total	374,330

Acquisition costs taken to operating expenses in the 2011 consolidated income statement totalled 0.43 million euros.

The provisional value of the identifiable net assets has been estimated using the accounting assumptions of the company acquired. Said asset will be valued by an independent expert in 2012.

The non-controlling interests have been calculated on the basis of the proportional part of the identifiable net assets of the acquired entities.

Based on the provisional values stated above, Codere would recognise a pre-tax gain of approximately 64 million eu, as a result of having valued its original 49% holding in ICELA prior to the business combination at fair value.

Ruling of the Italian Court of Auditors

On 17 February 2012 the Lazio Regional Office of the Italian Court of Auditors (Corte dei Conti) issued a preliminary ruling against the 10 Italian concession holders of gaming machine networks in respect of proceedings launched in 2007 (see note 4e).

Under this ruling, fines totalling approximately 2.5 billion euros were imposed on all the concession holders, of which 115 million euros, plus interest, corresponded to the Codere Group subsidiary, Codere Network S.p.A.

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On the basis of advice received from Italian legal firms, the Codere Group does not believe that the ruling contains any legal justification for the fine imposed on Codere Network S.p.A, for the following main reasons:

- The ruling does not take into consideration numerous key points contained in the assessment carried out by Digit S.p.A, the technical assessor appointed by the Court of Auditors.
- The ruling acknowledges that it is impossible to measure the loss, and therefore the calculation method used has no basis in fact.
- The ruling declares the concession holders guilty on the basis of the same facts used by the Council of State in April 2001 to absolve the same concession holders of other alleged non-compliances in respect of this issue.

The Codere Group plans to appeal against the ruling to the Central Section of the Court of Auditors, thereby suspending execution of the sentence. The Group has not, therefore, made any adjustments to the provisions already recognised at 31 December 2011.

The fine is only applicable to Codere Network and does not affect, and cannot be demanded from, any other Italian subsidiary or Codere S.A., in accordance with legal advice received by the Group.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

EXHIBIT I
Consolidated Group

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

Name	Activity	Consolidation Method	2011		2010	
			%		%	
			Participation	Owner	Participation	Owner
S P A I N :						
AUTOMÁTICOS MENDOZA, S.L. C/ Real 10 Lepe (Huelva)						
Operation of gaming machines	IG	50%	OPERIBERICA, S.A.	50%	OPERIBERICA, S.A.	
CARTAYA, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)						
Operation of bingo halls	IG	100%	CODERE ESPAÑA, S.L.	100%	CODERE ESPAÑA, S.L.	
C-F8, S.L. Ctra. de Toledo, km – 11500 Getafe (Madrid)						
Operation of gaming machines	IG	75%	CODERE MADRID, S.A.	75%	CODERE MADRID, S.A.	
CODERE APUESTAS, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)						
Sports betting	IG	100%	CODERE APUESTAS ESPAÑA, S.L.	100%	CODERE APUESTAS ESPAÑA, S.L.	
CODERE APUESTAS ARAGÓN, S.L. José Pellicer, 33 (Zaragoza)						
Sports betting	IG	100.00%	CODERE APUESTAS ESPAÑA S.L.	-	-	
CODERE APUESTAS ESPAÑA, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)						
Sports betting	IG	100%	CODERE, S.A.	100%	CODERE, S.A.	
CODERE APUESTAS NAVARRA S.A. Calle C, nave 48, Polígono Industrial Talluntxe II 31110 Noaín (Navarra)						
Sports betting	IG	100%	CODERE APUESTAS ESPAÑA S.L.	100%	CODERE APUESTAS ESPAÑA S.L.	
CODERE APUESTAS VALENCIA S.A.U. Avda. Alquería de Moret, 19-21 Picanya (Valencia)						
Sports betting	IG	100.00%	CODERE APUESTAS ESPAÑA S.L.	-	-	
CODERE AMÉRICA, S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)						
Management of the equity of companies resident in countries other than Spain	IG	100%	CODERE INTERNACIONAL, S.L.	100%	CODERE INTERNACIONAL, S.L.	
CODERE ASESORÍA, S.A.U. Avda. Alquería de Moret, 19-21 Picanya (Valencia)						
Operation of gaming machines	IG	94.72%	CODERE VALENCIA, S.A.	94.72%	CODERE VALENCIA, S.A.	
CODERE BARCELONA, S.A.U. Mercaders, 1 Pol. Ind. Riera de Caldes Palau de Plegamans (Barcelona)						
Operation of gaming machines	IG	100%	CODERE ESPAÑA, S.L.	100%	CODERE ESPAÑA, S.L.	
CODERE DISTRIBUCIONES, S.L.U. Mercaders, 1 Pol. Ind. Riera de Caldes Palau de Plegamans (Barcelona)						
Operation, distribution and marketing of gaming machines	IG	100%	CODERE BARCELONA, S.A.	100%	CODERE BARCELONA, S.A.	
CODERE ESPAÑA, S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)						
Holding company, operation of gaming machines and bingo halls	IG	100%	CODERE, S.A.	100%	CODERE, S.A.	
CODERE GANDIA, S.A. Guardamar, 15 Gandía (Valencia)						
Operation of gaming machines	IG	50%	CODERE ESPAÑA, S.L.	50%	CODERE ESPAÑA, S.L.	

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

Name	Activity	Consolidation Method	2011		2010	
			%		%	
			Participation	Owner	Participation	Owner
CODERE GIRONA, S.A. Ctra. Barcelona, 162 Girona (Barcelona)	Operation of gaming machines	IG	66.67%	CODERE ESPAÑA, S.L.	66.67%	CODERE ESPAÑA, S.L.
CODERE GUADALAJARA, S.A. Avda. de Bruselas, 26 Alcobendas (Madrid)						
CODERE HUESCA, S.L. Mercaders 1	Operation of gaming machines	IG	50%	CODERE MADRID, S.A.	50%	CODERE MADRID, S.A.
CODERE INTERNACIONAL, S.L. Palau Solità IP legamans (Barcelona)	Operation of gaming machines	IG	51.02%	CODERE BARCELONA, S.A.	51.02%	CODERE BARCELONA, S.A.
CODERE INTERACTIVA, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Holding company	IG	100%	CODERE, S.A.	100%	CODERE, S.A.
CODERE LOGROÑO, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Operation of gaming in television, internet or telephony	IG	90%	CODERE, S.A.	90%	CODERE, S.A.
CODERE BARCELONA, S.A. Piqueras 133.3 Arrubal - La Rioja	Operation of gaming machines	IG	75.03%	CODERE BARCELONA, S.A.	75.03%	CODERE BARCELONA, S.A.
CODERE MADRID, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Operation of gaming machines	IG	100%	CODERE ESPAÑA, S.L.	100%	CODERE ESPAÑA, S.L.
CODERE NAVARRA, S.A. Santa Marta, 8 Pamplona	Operation of gaming machines	IG	50%	CODERE BARCELONA, S.A.	50%	CODERE BARCELONA, S.A.
CODERE VALENCIA, S.A. Avda. Alquería de Muret, 19-21 Picanya (Valencia)	Operation of gaming machines	IG	94.72%	CODERE ESPAÑA, S.L.	94.72%	CODERE ESPAÑA, S.L.
CODERE, S.A. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Financial and accounting services	IG	100%	-	100%	-
COLONDER, S.A. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Holding company	IG	100%	CODERE AMÉRICA, S.L.	100%	CODERE AMÉRICA, S.L.
COMERCIAL YONTXA, S.A. (6) C/Nicolás Alcora, 1 48003 Bilbao	Operation of gaming machines	IG	51%	OPERIBERICA, S.A.	51%	OPERIBERICA, S.A.
DESARROLLO ONLINE JUEGOS REGULADOS, C/ Manises nº 33 28224 Pozuelo de Alarcón (Madrid)	Operation of gaming through internet	IG	85%	CODERE, S.A.	85%	CODERE, S.A.
EL PORTALÓN, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Operation of gaming machines	IG	50%	CODERE MADRID, S.A.	50%	CODERE MADRID, S.A.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

Name	Activity	Consolidation Method	2011		2010	
			%		%	
			Participation	Owner	Participation	Owner
GARAIPEN VICTORIA APUSTUAK, S.L. C/ Nicolás Alkorta, 1 48003 Bilbao	Sports betting	IG	73.7%	CODERE APUESTAS ESPAÑA, S.L. y COMERCIAL YONTXA S.A.	73.7%	CODERE APUESTAS ESPAÑA, S.L. y COMERCIAL YONTXA S.A.
GISTRA, S.L.U. C/ Velázquez, 18 46018 Valencia	Leasing of halls/shops	IG	47.36%	RECREATIVOS RUAN, S.A.	47.36%	RECREATIVOS RUAN, S.A.
J.M. QUERO Y ASOCIADOS, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Operation of gaming machines	IG	100%	CODERE ESPAÑA, S.L.	100%	CODERE ESPAÑA, S.L.
JPVMATIC 2005, S.L.U. Avda. Alquería de Moret, 19-21 Picanya (Valencia)	Operation of gaming machines	IG	100%	CODERE ESPAÑA, S.L.	100%	CODERE ESPAÑA, S.L.
JUEGO DE BINGOS, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Bingo & hotel business	IG	100%	MISURI, S.A.	100%	MISURI, S.A.
MEPE, S.A. C/ Ferrocarril, 33 28820 Coslada (Madrid)	Operation of gaming machines	IG	50%	CODERE MADRID, S.A.	50%	CODERE MADRID, S.A.
MISURI, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Bingo halls	IG	100%	CODERE ESPAÑA, S.L.	100%	CODERE ESPAÑA, S.L.
NIDDEM, S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Account management	IG	100%	CODERE AMÉRICA, S.L.	100%	CODERE AMÉRICA, S.L.
OPERIBÉRICA, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Operation of gaming machines	IG	100%	CODERE ESPAÑA, S.L.	100%	CODERE ESPAÑA, S.L.
OPEROESTE, S.A. C/ Hernán Cortés, 188 Villanueva de la Serena (Badajoz)	Operation of gaming machines	IG	50%	OPERIBÉRICA, S.A.	50%	OPERIBÉRICA, S.A.
OPERSHERKA, S.L.U. Travesía de la PazMADRID	Operation of gaming machines	IG	51%	COMERCIAL YONTXA, S.A.	51%	COMERCIAL YONTXA, S.A.
PRIMER CONTINENTE, S.L.U. C/ Guardamar, 15, bajo 46701 Gandía (Valencia)	Operation of hotel activities	IG	50%	CODERE GANDIA, S.A.	50%	CODERE GANDIA, S.A.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

Name	Activity	Consolidation Method	2011		2010	
			%		%	
			Participation	Owner	Participation	Owner
RECREATIVOS ACR, S.L. Polígono Espíritu Santo, Parcela 11-12 33010 Oviedo (Asturias)	Operation of gaming machines	IG	50%	OPERIBÉRICA, S.A.	50%	OPERIBÉRICA, S.A.
RECREATIVOS CÓSMICOS, S.L.U. C/ Palmer, 36 Inca (Mallorca)	Explotación de máquinas recreativas y de azar	IG	100%	RECREATIVOS MAE, S.L.	100%	RECREATIVOS MAE, S.L.
RECREATIVOS MAE, S.L.U. C/ta. Palma – Alcudia, km. 19400 Consell (Mallorca)	Operation of gaming machines	IG	100%	CODERE ESPAÑA, S.L.	100%	CODERE ESPAÑA, S.L.
RECREATIVOS OBELISCO, S.L. Huercal de Almería. C/ San Rafael-73. Polígono Almería	Operation of gaming machines	IG	60.61%	OPERIBÉRICA, S.A.	60.61%	OPERIBÉRICA, S.A.
RECREATIVOS POPULARES, S.L. C/ Puente de la Reina, 26- Bajo Valladolid	Operation of gaming machines	IG	75%	OPERIBÉRICA, S.A.	75%	OPERIBÉRICA, S.A.
RECREATIVOS RUAN, S.A. C/Velázquez, 18 Valencia	Operation of gaming machines	IG	47.36%	CODERE VALENCIA, S.A.	47.36%	CODERE VALENCIA, S.A.
RED AEAM, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Bingo halls	IG	100%	MISURI, S.A.	100%	MISURI, S.A.
RESTIY CIA, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Operation of gaming machines	IG	50%	CODERE MADRID, S.A.	50%	CODERE MADRID, S.A.
RESURCÁDZ, S.L. Avda Ana de Viya, 17 Planta Baja, Cádiz	Operation of gaming machines	IG	50%	CODERE ESPAÑA, S.L.	50%	CODERE ESPAÑA, S.L.
ROSPAY, S.L. C/ Kennedy, 12 bajo Benidorm (Alicante)	Operation of gaming machines	IG	50%	CODERE GANDIA, S.A.	50%	CODERE GANDIA, S.A.
SGIREC, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Operation of gaming machines	IG	75.05%	OPERIBÉRICA, S.A.	75.05%	OPERIBÉRICA, S.A.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

Name	Activity	Consolidation Method	2011		2010	
			%		%	
			Participation	Owner	Participation	Owner
SUPER PIK, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Operation of gaming machines	IG	79.93%	CODERE MADRID, S.A.	79.93%	CODERE MADRID, S.A.
ARGENTINA						
BINGOS DEL OESTE, S.A. Avda. De Córdoba, 1417 5ºB Buenos Aires (Argentina)	Lotteries & bingo halls	IG	100%	CODERE ARGENTINA, S.A. y BINGOS PLATENSES, S.A	100%	CODERE ARGENTINA, S.A. y BINGOS PLATENSES, S.A
BINGOS PLATENSES, S.A. Av. Córdoba, 1417 Buenos Aires (Argentina)	Operation of bingo halls	IG	100%	CODERE ARGENTINA, S.A. y CODERE AMERICA	100%	CODERE ARGENTINA, S.A. y CODERE AMERICA
CODERE ARGENTINA, S.A. Av. Córdoba 1417 Buenos Aires (Argentina)	Account management	IG	100%	CODERE AMÉRICA, S.L., NIDDEM S.L. e IBERARGEN, S.A.	100%	CODERE AMÉRICA, S.L., NIDDEM S.L. e IBERARGEN, S.A.
HÍPICA RIOPLATENSE, S.A. Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Investment	IP	50%	CODERE ARGENTINA, S.A.	50%	CODERE ARGENTINA, S.A.
IBERARGEN, S.A. Combate de los Pozos, 639-641 Buenos Aires, C.F. (Argentina)	Operation of bingo, lotteries & hotel business	IG	100%	CODERE S.A. Y NIDDEM, S.L.	100%	CODERE S.A. Y NIDDEM, S.L.
INTERBAS, S.A. Combate de los Pozos, 639-641 Buenos Aires, C.F. (Argentina)	Operation of lotteries & bingo	IG	100%	CODERE S.A. E IBERARGEN S.A.	100%	CODERE S.A. E IBERARGEN S.A.
INTERJUEGOS, S.A. Avda. De Córdoba, 1417 5ºB Buenos Aires (Argentina)	Lotteries & Bingo	IG	100%	CODERE ARGENTINA, S.A. y CODERE AMÉRICA, S.L.	100%	CODERE ARGENTINA, S.A. y CODERE AMÉRICA, S.L.
INTERMAR BINGOS, S.A. Av. Córdoba, 1417 Buenos Aires (Argentina)	Operation of bingo halls	IG	80%	CODERE AMÉRICA, S.L. y CODERE ARGENTINA, S.A.	80%	CODERE AMÉRICA, S.L. y CODERE ARGENTINA, S.A.
ITAPOAN, S.A. Combate de los Pozos, 639-641 Buenos Aires, C.F. (Argentina)	Operation of bingo halls	IG	81.76%	IBERARGEN, S.A. E INTERBAS, S.A.	81.76%	IBERARGEN, S.A. E INTERBAS, S.A.
NANOS, S.A. Avda. San Juan, 2345 Buenos Aires (Argentina)	Operation of bingo halls	IG	100%	IBERARGEN, S.A. E INTERBAS, S.A.	100%	IBERARGEN, S.A. E INTERBAS, S.A.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

Name	Activity	Consolidation Method	2011		2010	
			%	Owner	%	Owner
			Participation		Participation	
SAN JAIME, S.A. Avda. De Córdoba, 1417 5º B Buenos Aires (Argentina)	Real estate	IG	100%	CODERE ARGENTINA, S.A. y BINGOS DELOESTE, S.A.	100%	CODERE ARGENTINA, S.A. y BINGOS DELOESTE, S.A.
BRASIL: CODERE DO BRASIL Ltda. Avda Juscelino Kubitschek 28-4º Andar Ciudad de Sao Paulo (Estado de Sao Paulo)	Operation of gaming machines and horse racing betting management	IG	100%	CODERE AMÉRICA, S.L. Y NIDDEM, S.L.	100%	CODERE AMÉRICA, S.L. Y NIDDEM, S.L.
CHILE: CODERE CHILE, Ltda. Avda. Andrés Bello N°2711 Piso 19 Las Condes (Santiago de Chile)	Investment, leasing, sales, purchase and sale of goods.	IG	100%	CODERE AMÉRICA, S.L. y NIDDEM, S.L.	100%	CODERE AMÉRICA, S.L. y NIDDEM, S.L.
COLOMBIA: BINGOS CODERE, S.A. C/ B, N 1 65-A-83 Santa Fe de Bogotá (Colombia)	Operation of bingo halls	IG	99.99%	NIDDEM, S.L., INTERSARE, S.A., CODERE COLOMBIA, S.A., COLONDER, S.A. Y CODERE AMÉRICA S.L.	99.99%	NIDDEM, S.L., INTERSARE, S.A., CODERE COLOMBIA, S.A., COLONDER, S.A. Y CODERE AMÉRICA S.L.
CODERE COLOMBIA, S.A. C/ B, N 1 65-A-83 Santa Fe de Bogotá (Colombia)	Operation of electronic games & games chance	IG	99.99%	COLONDER, S.A., NIDDEM, CODERE AMÉRICA, S.L. Y CODERE INTERNACIONAL S.L.	99.99%	COLONDER, S.A., NIDDEM, CODERE AMÉRICA, S.L. Y CODERE INTERNACIONAL S.L.
INTERSAE, S.A. C/ B, N 165-A-83 Santa Fe de Bogotá (Colombia)	Direct marketing operations & operation of electronic game machines through third parties.	IG	59.89%	CODERE COLOMBIA Y NIDDEM, S.L.	59.89%	CODERE COLOMBIA Y NIDDEM, S.L.
ITALIA: BINGOS OASIS, S.r.L. Viale Giulio Cesare, 2 Roma	Operation of bingo halls	IG	100%	OPERBINGO ITALIA, S.r.L.	100%	OPERBINGO ITALIA, S.r.L.
BINGO RE, S. R. l Via Cornelia, 498 Roma	Operation of bingo halls	IG	100%	OPERBINGO ITALIA, S.r.L.	100%	OPERBINGO ITALIA, S.r.L.
BINTEGRAL, S.p.A. Via Cornelia, 498 Roma	Operation of bingo halls	IG	100%	OPERBINGO ITALIA, S.r.L.	100%	OPERBINGO ITALIA, S.r.L.
CODERE GAMING ITALIA, S.r.L. Via de Villa Patrizi, 13 Roma	Holding company	IG	100%	CODERE ITALIA, S.p.A.	100%	CODERE ITALIA, S.p.A.
CODERE ITALIA, S.p.A. Via di Villa Patrizi 13 Roma	Redering of counselling services	IG	100%	CODERE INTERNACIONAL, S.L.	100%	CODERE INTERNACIONAL, S.L.
CODEMATICA, S.r.L. Via de Villa Patrizi, 13 Roma	Operation of gaming machines	IG	100%	CODERE GAMING ITALIA, S.r.L.	100%	CODERE GAMING ITALIA, S.r.L.
CODERE INTERATTIVA ITALIA SRL Via Cornelia, 498 Roma	Operation of gaming in television, internet or telephony	IG	95%	OPERBINGO ITALIA SPA y INTERACTIVA	95%	OPERBINGO ITALIA SPA y INTERACTIVA

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

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			%	%	%	%
			Participation	Owner	Participation	Owner
CODERE NETWORK S.p.A. Via Adolfo Ravà, 124 Roma	Operation of bingo halls	IG	100%	CODEMATICA, S.R.L.	100%	CODEMATICA, S.R.L.
CODESTRADA, S.r.L. Via de Villa Patrizi, 13 Roma	Operation of gaming machines	IG	100%	CODERE ITALIA, S.p.A.	100%	CODERE ITALIA, S.p.A.
CRISTALTEC SERVICE, S.r.L. Via Baldo Degli Ubaldi, 168 Roma	Operation of gaming machines	IG	51%	CODERE ITALIA, S.p.A.	51%	CODERE ITALIA, S.p.A.
FG SLOT SERVICE SRL Via Cornelia, 498 Roma	Operation of gaming machines	IG	55%	CODERE ITALIA, S.p.A.	55%	CODERE ITALIA, S.p.A.
GAMING NEW, S.r.L. Via de Villa Patrizi, 13 Roma	Operation of gaming machines	IG	100%	CODERE ITALIA, S.p.A.	100%	CODERE ITALIA, S.p.A.
GAMING RE SRL Via Cornelia, 498 Roma	Operation of gaming machines	IG	75%	CODERE ITALIA, S.p.A.	-	-
GAMING SERVICE SRL Via Cornelia, 498 Roma	Operation of gaming machines	IG	75%	CODERE ITALIA, S.p.A.	-	-
GAP GAMES SRL Via Cornelia, 498 Roma	Operation of gaming machines	IG	51%	CODERE ITALIA, S.p.A.	-	-
GESTIONIMARCONI, S.r.L. Via Cornelia, 498 Roma	Operation of bingo halls	IG	100%	BINGO RE, S.r.L.	100%	BINGO RE, S.r.L.
GIOMAX, S.r.L. Via Cornelia, 498 Roma	Operation of bingo halls	IG	100%	OPERBINGO ITALIA, S.r.L.	100%	OPERBINGO ITALIA, S.r.L.
INMOBILGEST, S.r.L. Via Cornelia, 498 Roma	Operation of bingo halls	IG	100%	OPERBINGO ITALIA, S.r.L.	100%	OPERBINGO ITALIA, S.r.L.
KING SLOT S.R.L. Maddaloni (CE), ITALIA, VIA STRADA STATALE SANNITICA, 265 KM 25,800	Operation of bingo halls	IG	67%	OPERBINGO ITALIA, S.r.L.	67%	OPERBINGO ITALIA, S.r.L.
KING BINGO, S.R.L. Maddaloni (CE), ITALIA, VIA STRADA STATALE SANNITICA, 265 KM 25,800	Operation of bingo halls	IG	67%	OPERBINGO ITALIA, S.r.L.	67%	OPERBINGO ITALIA, S.r.L.
MAXBINGO, S.r.L. Via Cornelia, 498 Roma	Operation of bingo halls	IG	100%	OPERBINGO ITALIA, S.r.L.	100%	OPERBINGO ITALIA, S.r.L.
OPERBINGO ITALIA, S.p.A. Via Trinchese, 29 Lecce	Operation of bingo halls	IG	100%	CODERE INTERNACIONAL, S. L.	100%	CODERE INTERNACIONAL, S. L.
OPERGAMES, S.r.L. Via Cornelia, 498 Roma	Operation of bingo halls	IG	100%	OPERBINGO ITALIA, S.p.A.	100%	OPERBINGO ITALIA, S.p.A.
OPERGIOCHI ITALIA, S.R.L. Via de Villa Patrizi, 13 Roma	Operation of gaming machines	IG	100%	CODERE ITALIA, S.p.A.	100%	CODERE ITALIA, S.p.A.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
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			%		%	
			Participation	Owner	Participation	Owner
OPERINVESTMENTS, S.r.L. Via Cornelia, 498 Roma	Operation of bingo halls	IG	100%	OPERBINGO ITALIA, S.p.A..	100%	OPERBINGO ITALIA, S.p.A..
OPERSLOTS ITALIA, S.r.L. Via Cornelia, 498 Roma	Operation of bingo halls	IG	100%	OPERBINGO ITALIA, S.p.A..	100%	OPERBINGO ITALIA, S.p.A..
PALACE BINGO, S.r.L. Via Cornelia, 498 0166 Roma	Operation of bingo halls	IG	100%	WINNER BET S.R.L.	100%	WINNER BET S.R.L.
SEVEN CORA SERVICE, S.r.L. Della Meccanica, 21 – zona d/3 15100 Alessandria - Italia	Operation of gaming machines	IG	60%	CODERE ITALIA, S.p.A.	60%	CODERE ITALIA, S.p.A.
VASA & AZZENA SERVICE, S.r.L. Via Baldo degli Ubaldi 168 Roma	Operation of gaming machines	IG	51%	CODERE ITALIA, S.p.A.	51%	CODERE ITALIA, S.p.A.
VEGAS, S.r.L. Via di Corticella, 216 Bologna	Operation of bingo halls	IG	100%	BINGO RE, S.r.L.	100%	BINGO RE, S.r.L.
PARISIENNE, S.L. Via Cornelia, 498 00166 Roma	Operation of bingo halls	IG	100%	WINNER BET, S.R.L.	100%	WINNER BET, S.R.L.
LUXEMBURGO:						
CODERE FINANCE, S.A. 6C, Parc d'Activités Syrdall, L-5365 Munsbach	Holding company	IG	100%	CODERE, S.A. y CODERE ESPAÑA, S.L..	100%	CODERE, S.A. y CODERE ESPAÑA, S.L..
MÉXICO:						
ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. Palmas 1005 Desp 714, Col.Lomas Chapultepec	Operation, administration and development of horse & greyhound racetracks & sporting events	IP	49%	IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A. de C.V. y SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. de C.V.	49%	IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A. de C.V. y SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. de C.V.
ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. ASOCIACIÓN EN PARTICIPACIÓN Av Del Conscripto 311 Acc 4 Caballeriza 6D-102 Lomas de Sotelo	Operation, administration and development of horse & greyhound racetracks & sporting events	IP	49%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A de C.V.y ENTRETENIMIENTO RECREATIVO, S.A. DE C.V.	49%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A de C.V.y ENTRETENIMIENTO RECREATIVO, S.A. DE C.V.

CODERE, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

(Thousands of euros)

Name	Activity	Consolidation Method	2011		2010	
			%		%	
			Participation	Owner	Participation	Owner
ADMINSTRADORA MEXICANA DEL HIPÓDROMO II, S.A. de C.V. Palmas 1005 Desp 714, Col.Lomas Chapultepec	Operation, administration and development of horse & greyhound racetracks & sporting events	IP	24.9%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. JUEGAMAX DE LAS AMÉRICAS S.A. DE CV y ENTRETENIMIENTO VIRTUAL, S.A. de C.V.	24.9%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. JUEGAMAX DE LAS AMÉRICAS S.A. DE CV y ENTRETENIMIENTO VIRTUAL, S.A. de C.V.
ADMINSTRADORA MEXICANA DEL HIPÓDROMO III, S.A. de C.V. Palmas 1005 Desp 714, Col.Lomas Chapultepec	Operation, administration and development of horse & greyhound racetracks & sporting events	IP	46.55%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A. de C.V. y ENTRETENIMIENTO VIRTUAL, S.A. de C.V.	46.55%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A. de C.V. y ENTRETENIMIENTO VIRTUAL, S.A. de C.V.
CALLE DEL ENTRETENIMIENTO, S.A. de C.V. Av Del Conscripto 311 Acc 4 Caballeriza 6D-102 Lomas de Sotelo	Promotion, construction, organization, operation, acquisition & participation in social capital & corporate property	IP	49%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. y ENTRETENIMIENTO VIRTUAL S.A de C.V.	49%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. y ENTRETENIMIENTO VIRTUAL S.A de C.V.
CODERE MÉXICO, S.A. de C.V. P° de la Reforma 905 Col.Lomas de Chapultepec CP 11000 México D.F.	Account management	IG	100%	CODERE AMÉRICA, S.L. y NIDIDEM, S.L.	100%	CODERE AMÉRICA, S.L. y NIDIDEM, S.L.
CENTRO DE CONVENCIONES LAS AMÉRICAS Av Del Conscripto 311 Acc 4 Caballeriza 6D-102 Lomas de Sotelo	Management, Operation and Development of Expositions and Conventions	IP	49%	HIPÓDROMO, S.A de C.V. y ENTRETENIMIENTO VIRTUAL S.A. DE C.V.	49%	HIPÓDROMO, S.A de C.V. y ENTRETENIMIENTO VIRTUAL S.A. DE C.V.
ENTRENIMIENTO RECREATIVO, S.A. de C.V. P° de las Palmas, 1005 DET. 512 México	Operation of games permitted by law	IP	49%	IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A de C.V. y ENTRETENIMIENTO VIRTUAL, S.A. de C.V.	49%	IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A de C.V. y ENTRETENIMIENTO VIRTUAL, S.A. de C.V.
ENTRETENIMIENTO VIRTUAL, S.A. de C.V. Av Del Conscripto 311 Acc 4 Caballeriza 6D-101 Lomas de Sotelo	Promotion, construction, organization, operation, acquisition & participation in social capital & corporate property	IP	49%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. y CENTRO DE CONVENCIONES LAS AMÉRICAS S.A DE C.V.	49%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. y CENTRO DE CONVENCIONES LAS AMÉRICAS S.A DE C.V.
GRUPO CALIENTE SAP I de C.V. Blub. Manuel Ávila Camacho, 40 Lomas de Chapultepec	Operation of gaming machines	IP	67%	CODERE MÉXICO, S.A.	-	-
GRUPO INVERJUEGO, S.A. de C.V. Blub. Manuel Ávila Camacho, 40 Lomas de Chapultepec	Gaming	IP	50%	CODERE MÉXICO, S.A.	50%	CODERE MÉXICO, S.A.
HOTEL ENTRETENIMIENTO LAS AMÉRICAS, S.A. DE C.V. Av Del Conscripto 311 Acc 4 Caballeriza 6D-102 Lomas de Sotelo	Construction and managements of sports and turistic resorts	IP	49%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V.	49%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

Name	Activity	Consolidation Method	2011		2010	
			%	%	%	%
			Participation	Owner	Participation	Owner
IMPULSORA RECREATIVA DE ENTRETENIMIENTO AMH, S.A. DE C.V. Av DelConscripto 31IAcc 4 Caballeriza 6D-102			✓		✓	
	Managements gamings halls	IP	46.55%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V y ENTRETENIMIENTO VIRTUAL, S.A. de C.V.	46.55%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V y ENTRETENIMIENTO VIRTUAL, S.A. de C.V.
Lomas de Sotelo IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A. de C.V. Av DelConscripto 31IAcc 4 Caballeriza 6D-102 Lomas de Sotelo	Payroll services	IP	49%	CODERE MÉXICO, S.A.	49%	CODERE MÉXICO, S.A.
JUEGAMAX DE LAS AMÉRICAS S.A. DE CV			✓		✓	
Av DelConscripto 31IAcc 4 Caballeriza 6D-102 Lomas de Sotelo	Operation of gaming machines	IP	24.9%	ADMINISTRADORA MEXICANA HIPÓDROMO, S.A. de C.V y ENTRETENIMIENTO VIRTUAL, S.A. de C.V.	24.9%	ADMINISTRADORA MEXICANA HIPÓDROMO, S.A. de C.V y ENTRETENIMIENTO VIRTUAL, S.A. de C.V.
JOMAHARHO SAPI de C.V. Blvd. Agua Caliente 12027 Col. Hipódromo Tijuana, B.C.	Gaming, sports betting and drawing lots management	IG	67%	CODERE MÉXICO, S.A.	-	-
MJO GAMES, S.A. DE C.V. Club. Manuel Ávila Camacho, n° 460 –D int. Colonia San Andrés Atoto 53300 Naucalpan Estado de México	Gaming	IG	74.5%	CODERE MÉXICO, S.A. Y GRUPO INVERJUEGO, S.A. DE C.V.	74.5%	CODERE MÉXICO, S.A. Y GRUPO INVERJUEGO, S.A. DE C.V.
LIBROS FORANEOS S.A. de C.V. Blvd. Agua Caliente 12027 Col. Hipódromo Tijuana, B.C.	Gaming, sports betting and drawing lots management	IG	67.30%	GRUPO CALIENTE SAPI DE CV Y JOMAHARHO SAPI DE CV	-	-
OPERADORA CANTABRICA SA de C.V. Blvd. Agua Caliente 12027 Col. Hipódromo Tijuana, B.C.	Gaming, sports betting and drawing lots management	IG	67.30%	GRUPO CALIENTE SAPI DE CV, JOMAHARHO SAPI DE CV Y LIBROS FORANEOS SA DE CV	-	-
PROMOCIONES RECREATIVAS MEXICANAS, Reforma 905, Col Lomas de Chapultepec 10000 México D.F PROMOJUEGOS DE MÉXICO, S.A. de C.V. Blub. Manuel Ávila Camacho, 40 Lomas de Chapultepec	Consultancy, operation, administration and activities related to games of numbers remotely transmitted to predetermined locations	IG	100%	CODERE MÉXICO, S.A. Y NIDDEM S.L.	100%	CODERE MÉXICO, S.A. Y NIDDEM S.L.
RECREATIVOS CODERE, S.A. DE C.V. Club Manuel Ávila Camacho, 40 Lomas de Chapultepec	Gaming	IG	99.99%	CODERE MÉXICO, S.A.	99.99%	CODERE MÉXICO, S.A.
RECREATIVOS MARINA, S.A. de C.V. Blub. Manuel Ávila Camacho, 40 Lomas de Chapultepec	Gaming	IG	100%	CODERE MÉXICO, S.A. Y NIDDEM S.L.	100%	CODERE MÉXICO, S.A. Y NIDDEM S.L.
SECOFACH, S.A. de C.V. Av DelConscripto 31IAcc 4 Caballeriza 6D-101 Lomas de Sotelo	Provisions of personnel administration services, contracting of personnel, consultancy and labour assistance, payroll management	IP	49%	SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. de C.V. y ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A de C.V.	49%	SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. de C.V. y ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A de C.V.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

Name	Activity	Consolidation Method	2011		2010	
			%		%	
			Participation	Owner	Participation	Owner
SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. de C.V. Av Del Conscripto 311 Acc 4 Caballeriza 6D-101 Lomas de Sotelo	Provision of personnel administration services, contracting of personnel, consultancy and labour assistance, payroll management	IP	49%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. Y CENTRO DE CONVENCIONES LAS AMÉRICAS S.A DE C.V	49%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. Y CENTRO DE CONVENCIONES LAS AMÉRICAS S.A DE C.V
COMERCIALIZADORA SORTIUEGOS, S.A. de Av Del Conscripto 311 Acc 4 Caballeriza 6D-110 Lomas de Sotelo	Other business support services	IP	49%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. y ENTRETENIMIENTO VIRTUAL S.A. de C.V.	49%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. y ENTRETENIMIENTO VIRTUAL S.A. de C.V.
PANAMÁ:						
ALTA CORDILLERA, S.A. Urbanización El Cangrejo Edificio 27 Ciudad de Panamá	Operation of casino complexes	IG	100%	CODERE CHILE, LTDA. CODERE AMÉRICA, S.L.	100%	CODERE CHILE, LTDA. CODERE AMÉRICA, S.L.
CODERE PANAMÁ, S.A. C/ 53 Urbanización Obarrio torre Swiss Bank, 16 Panamá	Account management	IG	100%	CODERE AMÉRICA, S.L.	100%	CODERE AMÉRICA, S.L.
HÍPICA DE PANAMÁ, S.A. C/ 53 Urbanización Obarrio torre Swiss Bank, 16 Panamá	Horse racing activity & slot machines	IG	100%	CODERE PANAMÁ, S.A.	100%	CODERE PANAMÁ, S.A.
POWELTON, Inc. British Virgin Islands	Inactive company	IG	100%	CODERE AMÉRICA S.L.	100%	CODERE AMÉRICA S.L.
INTERNATIONAL THUNDERBIRD GAMING PANAMÁ (Corporation) Calle 53 y Eusebio A. Morales, El Cangrejo, Ciudad de Panamá	Operation of casino complexes		63.63%	ALTA CORDILLERA S.A.	63.63%	ALTA CORDILLERA S.A.
PUERTO RICO:						
CODERE PUERTO RICO, Inc. Puerto Rico	Account management	IG	99.99%	CODERE AMÉRICA S.L.	99.99%	CODERE AMÉRICA S.L.
URUGUAY:						
CODERE URUGUAY, S.A. C/ Juncal 1327 Apto. 2201 Montevideo (Uruguay)	Installation, administration and operation of bingo halls & complementary services	IG	100%	COLONDER, S.A. y CODERE AMÉRICA, S.L.	100%	COLONDER, S.A. y CODERE AMÉRICA, S.L.
HÍPICA RIOPLATENSE URUGUAY, S.A. Juan Benito Blanco 805, Uruguay	etc.	IP	50%	CODERE URUGUAY, S.A.	50%	CODERE URUGUAY, S.A.
CARRASCO NOBLE, S.A. Juncal 1305 Unidad 1604, Montevideo	Operation and management of hotels, casinos, slot machines halls and similar activities	IP	51%	CODERE MÉXICO, S.A.	51%	CODERE MÉXICO, S.A.

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

EXHIBIT II
Reserves and results by Company

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

Company	Share capital	Additional paid-in capital	Retained earning	Profit/Loss	Interim Dividend	Total Shareholders equity
ADMINISTRADORA MEXICANA DEL HIPÓDROMO,	116,214	8,889	137,742	45,917	0	308,762
ADMINISTRADORA MEXICANA DEL HIPÓDROMO II,	1,519	0	28	218	0	1,765
ADMINISTRADORA MEXICANA DEL HIPÓDROMO III,	1,571	0	(46)	(194)	0	1,332
ALTA CORDILLERA, S.A.	4,637	0	2,516	75	0	7,228
ASOCIACIÓN EN PARTICIPACIÓN	14,066	0	7,263	3,012	0	24,340
AUTOMÁTICOS MENDOZA, S.L.	34	3,728	(353)	(927)	0	2,481
BINGO RE, S. R. L.	100	0	6,659	8,804	0	15,563
BINGOS CODERE, S.A.	2,306	0	(294)	1,073	0	3,085
BINGOS DEL OESTE, S.A.	101	0	154	3,547	0	3,802
BINGOS OASIS, S.r.L.	10	0	1,434	2,020	0	3,464
BINGOS PLATENSES, S.A.	0	0	32	8,685	0	8,718
BINTEGRAL, S. p. A.	300	0	13,882	1,350	0	15,533
CALLE DEL ENTRETENIMIENTO, S.A. de C.V.	4	0	(958)	(39)	0	(993)
CARRASCO NOBILE, S.A.	28,221	0	174	(2,589)	0	25,806
CARTAYA, S.L.	120	0	(2,763)	(0)	0	(2,644)
CENT.CONVENC.AMERICAS, S.A. DE C.V.	3	0	0	0	0	3
C-F8, S.L.	60	0	171	6	0	237
CODEMATICA, S.r.L.	10	0	(58)	(53)	0	(101)
CODERE AMÉRICA, S.L.	83,154	0	77,733	10,583	0	171,471
CODERE APUESTAS ARAGÓN, S.A.	1,000	0	0	(21)	0	979
CODERE APUESTAS ESPAÑA, S.L.	662	32,286	(23,785)	(728)	0	8,532
CODERE APUESTAS NAVARRA, S.A.	2,000	0	(252)	(563,948)	0	1,184
CODERE APUESTAS VALENCIA, S.L.	2,000	0	0	(111)	0	1,889
CODERE APUESTAS, S.A.	60	0	(28,453)	(2,911)	0	(31,304)
CODERE ARGENTINA, S.A.	336	1,846	(1,778)	15,848	0	16,252
CODERE ASESORÍA, S.A.	60	0	3,604	(61)	0	3,603
CODERE BARCELONA, S.A.	1,382	0	58,389	367	0	60,139
CODERE BRASIL LTDA.	7,416	(4,524)	(25,914)	(7,318)	0	(30,340)
CODERE COLOMBIA, S.A.	13,868	21,773	(8,138)	1,039	0	28,542
CODERE CHILE, Ltda.	17	0	8	0	0	25
CODERE DISTRIBUCIONES, S.L.	3	0	(3,385)	(95)	0	(3,476)
CODERE ESPAÑA, S.L.	2,613	5,185	(49,036)	(12,306)	0	(53,544)
CODERE FINANCE, S.A.	35	0	1,679	341	0	2,055
CODERE GAMING ITALIA, S.r.L.	10	0	(243)	47	0	(186)
CODERE GANDIA, S.A.	60	0	2,811	(1,223)	0	1,649
CODERE GIRONA, S.A.	126	0	9,938	1,111	0	11,176
CODERE GUADALAJARA, S.A.	120	0	41	(3)	0	158
CODERE HUESCA, S.L.	5	0	889	70	0	963
CODERE INTERACTIVA, S.L.	30	0	(201)	(301)	0	(472)
CODERE INTERACTIVE, INC.	0	0	0	0	0	(4)
CODERE INTERATTIVA ITALIA, S.R.L.	10	0	(0)	(11)	0	(1)
CODERE INTERNACIONAL, S.L.	84,397	0	(140,626)	29,740	0	(26,489)
CODERE ITALIA, S.p.A.	16,173	0	(6,382)	10,772	0	20,978

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

Company	Share capital	Additional paid-in capital	Retained earning	Profit/Loss	Interim Dividend	Total Shareholders equity
CODERE LOGROÑO, S.L.	6	0	28	(274)	0	(240)
CODERE MADRID, S.A.	90	0	52,159	(4,700)	0	47,550
CODERE MÉXICO, S.A. de C.V.	46,852	29	113,574	6,683	0	168,768
CODERE NAVARRA, S.L.	301	901	502	90	0	1,793
CODERE NET WORK, S.p.A.	2,000	0	1,021	4,839	0	7,860
CODERE ONLINE, S.A.	100	0	(0)	(84)	0	15
CODERE PANAMÁ, S.A.	0	0	(186)	25	0	(160)
CODERE PUERTO RICO, Inc.	773	0	(773)	0	0	0
CODERE URUGUAY, S.A.	16,245	0	(328)	1,195	0	17,113
CODERE VALENCIA, S.A.	130	0	4,393	(751)	0	3,772
CODERE, S.A.	11,007	231,280	(200,900)	417,285	0	458,672
CODESTRADA, S.r.L.	10	0	(2)	(3)	0	4
COLONDER, S.A.	9,761	0	771	(5,985)	0	4,547
COMERCIAL YONTXA, S.A.	481	0	7,225	780	0	8,485
CRISTALTEC SERVICE, S.r.L.	10	0	205	435	0	650
DESARROLLO ONLINE JUEGOS REGULADOS, S.A.	1,753	0	(1,282)	(1,743)	0	(1,027)
EL PORTALÓN, S.L.	3	0	385	(90)	0	297
ENTRENIMIENTO RECREATIVO, S.A. de C.V.	52,773	0	28,934	3,714	0	85,421
ENTRETENIMIENTO VIRTUAL, S.A. de C.V.	25,087	0	38,500	18,567	0	82,154
FG SLOT SERVICE S.R.L.	116	0	170	964	0	1,250
GAMING NEW, S.r.L.	10	0	(1)	(4)	0	6
GAMING RE, S.R.L	10	0	964	707	0	1,681
GAMING SERVICE, S.R.L	10	0	252	(31)	0	231
GAP GAMES, S.R.L.	21	0	356	1,677	0	2,054
GARAIPEN VICTORIA APUSTUAK, S.A.	7,065	0	(4,817)	(3,566)	0	(1,318)
GESTIONI MARCONI, S.r.L.	11	0	3,674	1,120	0	4,805
GIOMAX, S.r.L.	69	0	27,568	(810)	0	26,826
GISTRA, S.L.	270	0	(35)	(7)	0	228
GRUPO CALIENTE, S.A. C.V.	13	0	18,956	(5)	0	18,965
GRUPO INVERJUEGO, S.A. de C.V.	2,455	0	(34)	(1,032)	0	1,389
HÍPICA DE PANAMÁ, S.A.	0	0	(10,354)	1,114	0	(9,240)
HÍPICA RIOPLATENSE URUGUAY, S.A.	14,774	0	(1,897)	10,810	0	23,687
HÍPICA RIOPLATENSE, S.A.	0	0	48	(48)	0	0
HOTEL ENTRET .AMH S.A. DE C.V.	3	0	0	(2)	0	1
IBERARGEN, S.A.	8,884	0	(2,473)	51,429	0	57,840
IMPULSORA CENTRO DE ENTRETENIMIENTO LAS	180,322	6,260	23,207	34,838	0	244,626
IMPULSORA RECREATIVA AMH, S.A. DE C.V.	5	1,571	0	(10)	0	1,566
INMOBILGEST , S.r.L.	30	0	1,978	1,516	0	3,524
INTERBAS, S.A.	664	0	538	28,941	0	30,143
INTERJUEGOS, S.A.	2	0	(5)	7,979	0	7,976
INTERMAR BINGOS, S.A.	18	0	2,769	2,693	0	5,480
INTERSARE, S.A.	541	0	1,617	137	0	2,295
ITAPOAN, S.A.	871	0	765	383	0	2,018
J.M. QUERO Y ASOCIADOS, S.A.	97	0	(2,446)	(328)	0	(2,678)
JOMAHARHO, S.A. C.V.	8,480	0	(98)	(5)	0	8,377
JPVMATIC 2005, S.L.	3	0	1,830	864	0	2,697
JUEGAMAX DE LAS AMÉRICAS, S.A. DE C.V.	5	1,519	(3)	(9)	0	1,512

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

Company	Share capital	Additional paid-in capital	Retained earning	Profit/Loss	Interim Dividend	Total Shareholders equity
JUEGO DE BINGOS, S.A.	436	0	(2,483)	(1)	0	(2,049)
KING BINGO S.r.L.	10	0	102	181	0	293
KING SLOT S.r.L.	100	452	28	466	0	1,045
LIBROS FORANEOS, S.A. C.V.	12,266	0	(26,934)	(13,799)	0	(28,466)
MAXIBINGO, S.r.L.	35	3	242	710	0	990
MEPE, S.A.	0	0	(10)	10	0	0
MIO GAMES, S.A. DE C.V.	881	0	(2,331)	(1,640)	0	(3,090)
MISURI, S.A.	2,542	0	(2,745)	(1,651)	0	(1,854)
NIDIDEM, S.L.	380	0	7,052	3,242	0	10,674
OPERADORA CANTABRIA, S.A. C.V.	26,812	0	(33,966)	(10,191)	0	(17,346)
OPERAD.ESPECTACULOS DEPORTIV. S.A. C.V.	2,718	0	(17,991)	(3,220)	0	(18,493)
OPERBINGO ITALIA, S.p.A.	10,180	0	(58,289)	5,909	0	(42,120)
OPERGAMES, S.r.L.	10	0	431	(140)	0	302
OPERGIOCHI ITALIA, S.R.L.	10	0	264	(264)	0	10
OPERIBÉRICA, S.A.	2,104	0	20,248	(2,406)	0	19,945
OPERINVESTMENTS, S.r.L.	10	0	8	(3)	0	15
OPEROESTE, S.A.	204	0	703	40	0	947
OPERSHERKA, S.L.	1,049	0	1,540	132	0	2,721
OPERSLOT S ITALIA, S.r.L.	10	0	165	(23)	0	152
PALACE BINGO, S.r.L.	60	280	115	144	0	1,883
PARISIENNE, S.L.	10	0	26	2,843	0	2,879
PRIMER CONTINENTE, S.L.	3	0	(1)	(24)	0	(22)
PROMOCIONES RECREATIVAS MEXICANAS, S.A. de	1,868	0	(5,773)	1,157	0	(2,749)
PROMOJUEGOS DE MÉXICO, S.A. de C.V.	321	0	1,020	(5,949)	0	(4,609)
RECREATIVOS ACR, S.L.	24	0	39	180	0	244
RECREATIVOS CODERE, S.A. DE C.V.	3	0	(3)	(1)	0	(1)
RECREATIVOS MAE, S.L.	294	0	4,404	232	0	4,930
RECREATIVOS MARINA, S.A. de C.V.	3	0	(6)	(0)	0	(4)
RECREATIVOS OBELISCO, S.L.	37	703	104	(163)	0	681
RECREATIVOS POPULARES, S.L.	24	0	462	67	0	553
RECREATIVOS RUAN, S.A.	72	0	2,301	(105)	0	2,267
RED AEAM, S.A.	60	0	(2)	1	0	59
RESTI Y CIA, S.L.	3	0	319	(42)	0	280
RESUR CÁDIZ, S.L.	30	0	312	14	0	356
ROSPAY, S.L.	60	0	278	1	0	339
RETE FRANCO ITALIA S.P.A.	2,000	0	1,021	4,839	0	7,860
SAN JAIME, S.A.	221	0	(58)	264	0	427
SECOFACH, S.A. de C.V.	3	0	(1,189)	(71)	0	(1,257)
SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A.	3	0	(2,314)	270	0	(2,041)
SEVEN CORA SERVICE, S.r.L.	(20)	0	990	827	0	1,837
SIGIREC, S.L.	96	0	300	15	0	412
SORTIJUEGOS, S.A. de C.V.	30	0	4,933	822	0	5,785
SUPER PIK, S.L.	3	0	3,001	(101)	0	2,903
THUNDERBIRD GAMING PANAMA	3,401	3,192	503	(1,828)	0	7,690
VASA & AZZENA SERVICE, S.r.L.	10	0	454	614	0	1,078
VEGAS, S.r.L.	10	0	3,724	279	0	4,013
WINNER BET, S.r.L.	30	0	754	3,257	0	4,041

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

EXHIBIT III
DECLARATIONS BY THE DIRECTORS

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

Stake and position of the Directors of the Board in other companies with similar purpose to Codere S.A:

Article 229.1 of the Capital Companies Act, passed by Royal decree 1/2010 of July 2, establishes that Directors have to communicate to the Board and, the rest of Directors, any direct or indirect conflict or interest that may arise regarding the Company. The affected Director have to abstain to take part in agreements or decisions related to the operations linked to the conflict. Directors assure they do not participate or hold stake in companies with similar or complementary purpose to Codere S.A. and different from those indicated in Appendix III.

At the same time, Directors have to communicate their direct or indirect stake that they, or the people related to them, have in the capital of other company with similar or complementary purpose, as well as their positions or tasks that they develop. They have to inform about their self employment or their employment by third party they have if it has similar or complementary purpose to Codere S.A.

Due to this it is necessary to include the following information provided by Directors that as of December 31, 2011 are members of Boards in the following companies:

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
José Antonio Martínez Sampedro	Francomar Investments SA	Presidente	52	
José Antonio Martínez Sampedro	Promobowling S.A.	Presidente y Consejero Delegado		51.35
José Antonio Martínez Sampedro	Centros de Ocio Familiar S.L.			25.737
José Antonio Martínez Sampedro	Magic Recreativos S.L.U.			36.03
José Antonio Martínez Sampedro	Material Auxiliar de Juego Internacional Majisa S.A.	Administrador Solidario		26
José Antonio Martínez Sampedro	Planet Bowling España S.A.U.			51.474
José Antonio Martínez Sampedro	Promobowling Levante S.A.U.			51.474
José Antonio Martínez Sampedro	Sunset Bowling S.L.U.			51.474
José Antonio Martínez Sampedro	Tui Play S.L. en liquidación			20.22
José Antonio Martínez Sampedro	Zarabowling S.A.			36.03
José Antonio Martínez Sampedro	Itapoan S.A.			9.464
José Antonio Martínez Sampedro	Material Auxiliar de Juego Internacional de Colombia S.A.			26.519
José Antonio Martínez Sampedro	Codere Colombia S.A.		0.00005	
José Antonio Martínez Sampedro	Intersare S.A.		0.004	
José Antonio Martínez Sampedro	Bingos del Oeste SA*			63.771
José Antonio Martínez Sampedro	Bingos Platenses SA*			63.771
José Antonio Martínez Sampedro	Codere Argentina SA*			63.771
José Antonio Martínez Sampedro	Hípica Rioplatense Argentina SA*			31.886
José Antonio Martínez Sampedro	Iberargen SA*			63.771
José Antonio Martínez Sampedro	Interbas S.A.*			63.771
José Antonio Martínez Sampedro	Interjuegos S.A. *			63.771
José Antonio Martínez Sampedro	Intermar Bingos S.A.*			51.017

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
José Antonio Martínez Sampedro	Codere Chile Ltda*			63.771
José Antonio Martínez Sampedro	Bingos Codere SA*			63.765
José Antonio Martínez Sampedro	Codere Colombia SA*			63.765
José Antonio Martínez Sampedro	Intersare SA*			38.192
José Antonio Martínez Sampedro	Codere Asesoría SA*			60.404
José Antonio Martínez Sampedro	Codere Barcelona SA*			63.771
José Antonio Martínez Sampedro	Automáticos Leman SL*			8.622
José Antonio Martínez Sampedro	Automáticos Mendoza SL*			31.886
José Antonio Martínez Sampedro	C-F8 S.L.*	Administrador Solidario		47.828
José Antonio Martínez Sampedro	Cartaya SA*			63.771
José Antonio Martínez Sampedro	Codere América SL*	Administrador Solidario		63.771
José Antonio Martínez Sampedro	Codere Apuestas España SL*			63.771
José Antonio Martínez Sampedro	Codere Apuestas SA*			63.771
José Antonio Martínez Sampedro	Codere Apuestas Navarra SAU*			63.771
José Antonio Martínez Sampedro	Codere Apuestas Valencia SAU			63.771
José Antonio Martínez Sampedro	Codere Apuestas Aragón S.L.U.			63.771
José Antonio Martínez Sampedro	Codere Distribuciones SL*	Administrador Solidario		63.771
José Antonio Martínez Sampedro	Codere España SL*	Administrador Solidario		63.771
José Antonio Martínez Sampedro	Codere Gandía SL*			31.886
José Antonio Martínez Sampedro	Codere Girona SA*			42.516
José Antonio Martínez Sampedro	Codere Guadalajara SA*			31.886
José Antonio Martínez Sampedro	Codere Huesca SL*			32.536
José Antonio Martínez Sampedro	Codere Interactiva SL*	Presidente Consejo		57.394
José Antonio Martínez Sampedro	Codere Internacional SL*	Administrador Solidario		63.771
José Antonio Martínez Sampedro	Codere Logroño SL*			47.847
José Antonio Martínez Sampedro	Codere Madrid SA*			63.771
José Antonio Martínez Sampedro	Codere Navarra SL*			31.886
José Antonio Martínez Sampedro	Codere Valencia SA*			60.404
José Antonio Martínez Sampedro	Codere Online SAU			63.771
José Antonio Martínez Sampedro	Colonder SA*	Administrador Solidario		63.771
José Antonio Martínez Sampedro	Comercial Yontxa SA*			32.523
José Antonio Martínez Sampedro	Desarrollo Online Juegos Regulados SA*			63.771
José Antonio Martínez Sampedro	El Portalón SL*			31.886
José Antonio Martínez Sampedro	Garaipen Victoria Apustuak SL*			46.999
José Antonio Martínez Sampedro	Gistra SL*			30.202

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
José Antonio Martínez Sampedro	JPVMatic 2005 S.L.*			63.771
José Antonio Martínez Sampedro	Juego de Bingo S.A.*			63.771
José Antonio Martínez Sampedro	Misuri S.A.*			63.771
José Antonio Martínez Sampedro	Nididem S.L.*	Administrador Solidario		63.771
José Antonio Martínez Sampedro	Oper Sherka S.L.*			32.523
José Antonio Martínez Sampedro	Operibérica S.A.*			63.771
José Antonio Martínez Sampedro	Operoeste S.A.*			31.886
José Antonio Martínez Sampedro	Primer Continente SL*			31.886
José Antonio Martínez Sampedro	Recreativos ACR. S.L.*			31.886
José Antonio Martínez Sampedro	Recreativos Castellanos del Azar SL*			12.754
José Antonio Martínez Sampedro	Recreativos Mae. S.L.*			63.771
José Antonio Martínez Sampedro	Recreativos Obelisco S.L.*			38.652
José Antonio Martínez Sampedro	Recreativos Populares S.L.*			47.828
José Antonio Martínez Sampedro	Recreativos Ruan S.A.*			30.202
José Antonio Martínez Sampedro	Red Aeam S.A.*			63.771
José Antonio Martínez Sampedro	Resti y Cia. S.L.*			31.886
José Antonio Martínez Sampedro	Resur Cadiz S.L.*			31.886
José Antonio Martínez Sampedro	Rospay. S.L.*			31.886
José Antonio Martínez Sampedro	Sigrec S.L.*			47.86
José Antonio Martínez Sampedro	Super Pik S.L.*			63.771
José Antonio Martínez Sampedro	Codere Interactive Inc			63.771
José Antonio Martínez Sampedro	Bingo Oasis S.R.L.*			63.771
José Antonio Martínez Sampedro	Bingo Re S.R.L.*			63.771
José Antonio Martínez Sampedro	Bintegral S.P.A.*			63.771
José Antonio Martínez Sampedro	Codemática SRL.*			63.771
José Antonio Martínez Sampedro	Codere Gaming Italia SRL.*			63.771
José Antonio Martínez Sampedro	Codere Italia SPA.*			63.771
José Antonio Martínez Sampedro	Codestrada SRL.*			63.771
José Antonio Martínez Sampedro	Cristaltec SRL*			32.523
José Antonio Martínez Sampedro	FG Slot Service SRL*			35.074
José Antonio Martínez Sampedro	Formula Bingo Spa*			2.35
José Antonio Martínez Sampedro	Formula Giochi Spa in liquidazione*			5.34
José Antonio Martínez Sampedro	Gaming New SRL.*			63.771
José Antonio Martínez Sampedro	Gaming Service SRL			47.828
José Antonio Martínez Sampedro	Gaming Re SRL			47.828

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
José Antonio Martínez Sampedro	Gap Games SRL			32.523
José Antonio Martínez Sampedro	Gestioni Marconi S.R.L.*			63.771
José Antonio Martínez Sampedro	Giomax S.R.L.*			63.771
José Antonio Martínez Sampedro	Immobilgest S.R.L.*			63.771
José Antonio Martínez Sampedro	Maxibingo S.R.L.*			63.771
José Antonio Martínez Sampedro	Operbingo Italia S.P.A.*			63.771
José Antonio Martínez Sampedro	Opergames S.R.L.*			63.771
José Antonio Martínez Sampedro	Opergiochi Italia SRL.*			63.771
José Antonio Martínez Sampedro	Operinvestments S.R.L.*			63.771
José Antonio Martínez Sampedro	Operslots S.R.L.*			63.771
José Antonio Martínez Sampedro	Palace Bingo . SRL*			63.771
José Antonio Martínez Sampedro	Parisienne. SRL*			63.771
José Antonio Martínez Sampedro	Codere Network SPA*			63.771
José Antonio Martínez Sampedro	Seven Cora. SRL.*			38.263
José Antonio Martínez Sampedro	Vasa & Azzena Service S.R.L.*			32.523
José Antonio Martínez Sampedro	Vegas S.R.L.*			63.771
José Antonio Martínez Sampedro	Winner Bet. SRL*			63.771
José Antonio Martínez Sampedro	Codere Interattiva Italia SRL*			60.646
José Antonio Martínez Sampedro	King Bingo SRL*			47.828
José Antonio Martínez Sampedro	King Slot SRL*			47.828
José Antonio Martínez Sampedro	Codere Finance (Luxembourg). S.A.*			63.771
José Antonio Martínez Sampedro	Administradora Mexicana de Hipódromo S.A. C.V.*	Consejero Propietario		31.248
José Antonio Martínez Sampedro	Calle Entretenimiento las Américas SA CV*			31.248
José Antonio Martínez Sampedro	Centro Convenciones las *Américas. S.A. DE C.V.			31.248
José Antonio Martínez Sampedro	Codere México S.A.*			63.771
José Antonio Martínez Sampedro	Entretenimiento Recreativo S.A.*	Consejero Propietario		31.248
José Antonio Martínez Sampedro	Entretenimiento Virtual. S.A. DE C.V.*			31.248
José Antonio Martínez Sampedro	Grupo Inverjuego. S.A.*			42.918
José Antonio Martínez Sampedro	Hotel entretenimiento las Américas SA CV*	Consejero		31.248
José Antonio Martínez Sampedro	Impulsora Centros de Entretenimiento las Américas SA CV*	Consejero Propietario		31.248
José Antonio Martínez Sampedro	Impulsora Recreativa Entretenimiento AMH SA CV*			29.654
José Antonio Martínez Sampedro	Juegamax de las Américas SA DE CV *			15.879
José Antonio Martínez Sampedro	Mio Games S.A. C.V.*			42.918
José Antonio Martínez Sampedro	Promociones Recreativas Mexicanas S.A. DE CV SOFOM ENR*			63.771

CODERE, S.A. AND SUBSIDIARIES
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DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
José Antonio Martínez Sampedro	Promojuegos de Mexico. S.A.*			42.918
José Antonio Martínez Sampedro	Recreativos Codere S.A. DE C.V.*			63.771
José Antonio Martínez Sampedro	Recreativos Marina. S.A.*			33.161
José Antonio Martínez Sampedro	Servicios Compartidos en Factor Humano SA CV *			31.248
José Antonio Martínez Sampedro	Servicios Administrativos Hipódromo. S.A. C.V.*			31.248
José Antonio Martínez Sampedro	Coomercializadora Sortijuegos. S.A. DE C.V.*			31.248
José Antonio Martínez Sampedro	Grupo Caliente SAPI de CV			42.918
José Antonio Martínez Sampedro	Jomaharho SAPI de CV			42.918
José Antonio Martínez Sampedro	Libros Foráneos SA de CV			42.912
José Antonio Martínez Sampedro	Operadora Cantabria SA de CV			42.905
José Antonio Martínez Sampedro	Operadora de Espectáculos Deportivos SA de CV			42.918
José Antonio Martínez Sampedro	Carrasco Nobile S.A.B DE C.V*			32.523
José Antonio Martínez Sampedro	Alta Cordillera. S.A.*			63.771
José Antonio Martínez Sampedro	Codere Panamá. S.A.*			63.771
José Antonio Martínez Sampedro	Compañía de Recreativos de Panamá SA*			63.771
José Antonio Martínez Sampedro	Hípica de Panamá. S.A.*			57.394
José Antonio Martínez Sampedro	International Thunderbird Gaming Panama CORP.*			40.577
José Antonio Martínez Sampedro	Codere Puerto Rico INC.*			63.765
José Antonio Martínez Sampedro	Codere Uruguay S.A.*			63.771
José Antonio Martínez Sampedro	Hípica Rioplatense Uruguay S.A.*			31.886
Mª Carmen Martínez Sampedro	Francomar Investments S.A.	Consejera	12	
Mª Carmen Martínez Sampedro	Promobowling S.A.	Consejera Delegada	0.748	11.85
Mª Carmen Martínez Sampedro	Centros de Ocio Familiar S.L.			6.299
Mª Carmen Martínez Sampedro	Magic Recreativos S.L.U.	Administradora Única		8.81
Mª Carmen Martínez Sampedro	Material Auxiliar de Juego Internacional Majisa S.A.			6
Mª Carmen Martínez Sampedro	Planet Bowling España S.A.U.			12.598
Mª Carmen Martínez Sampedro	Promobowling Levante S.A.U.	Administradora Solidaria		12.598
Mª Carmen Martínez Sampedro	Sunset Bowling S.L.U.	Administradora Única		12.598
Mª Carmen Martínez Sampedro	Tui Play S.L. en liquidación			4.668
Mª Carmen Martínez Sampedro	Zarabowling S.A.	Secretaria y Consejera delegada		8.81
Mª Carmen Martínez Sampedro	Itapoan S.A.			2.184
Mª Carmen Martínez Sampedro	Material Auxiliar de Juego Internacional de Colombia S.A.			6.11
Mª Carmen Martínez Sampedro	Bingos del Oeste SA*			1.817
Mª Carmen Martínez Sampedro	Bingos Platenses SA*			1.817
Mª Carmen Martínez Sampedro	Codere Argentina SA*			1.817

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
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DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
M ^a Carmen Martínez Sampedro	Iberargen SA*			1.817
M ^a Carmen Martínez Sampedro	Interbas S.A.*			1.817
M ^a Carmen Martínez Sampedro	Interjuegos S.A. *			1.817
M ^a Carmen Martínez Sampedro	Intermar Bingos S.A.*			1.454
M ^a Carmen Martínez Sampedro	Itapoan S.A.*			1.486
M ^a Carmen Martínez Sampedro	San Jaime S.A.*			1.817
M ^a Carmen Martínez Sampedro	Codere Brasil Ltda*			1.817
M ^a Carmen Martínez Sampedro	Codere Chile Ltda*			1.817
M ^a Carmen Martínez Sampedro	Bingos Codere SA*			1.817
M ^a Carmen Martínez Sampedro	Codere Colombia SA*			1.817
M ^a Carmen Martínez Sampedro	Intersare SA*			1.088
M ^a Carmen Martínez Sampedro	Codere Asesoría SA*			1.721
M ^a Carmen Martínez Sampedro	Codere Barcelona SA*			1.817
M ^a Carmen Martínez Sampedro	Automáticos Leman SL*			0.246
M ^a Carmen Martínez Sampedro	Automáticos Mendoza SL*			0.909
M ^a Carmen Martínez Sampedro	C-F8 S.L.*			1.363
M ^a Carmen Martínez Sampedro	Cartaya SA*			1.817
M ^a Carmen Martínez Sampedro	Codere América SL*			1.817
M ^a Carmen Martínez Sampedro	Codere Apuestas España SL*			1.817
M ^a Carmen Martínez Sampedro	Codere Apuestas SA*			1.817
M ^a Carmen Martínez Sampedro	Codere Apuestas Navarra SAU*			1.817
M ^a Carmen Martínez Sampedro	Codere Apuestas Valencia SAU			1.817
M ^a Carmen Martínez Sampedro	Codere Apuestas Aragón S.L.U.			1.817
M ^a Carmen Martínez Sampedro	Codere Distribuciones SL*			1.817
M ^a Carmen Martínez Sampedro	Codere España SL*			1.817
M ^a Carmen Martínez Sampedro	Codere Gandía SL*			0.909
M ^a Carmen Martínez Sampedro	Codere Girona SA*			1.211
M ^a Carmen Martínez Sampedro	Codere Guadalajara SA*			0.909
M ^a Carmen Martínez Sampedro	Codere Huesca SL*			0.927
M ^a Carmen Martínez Sampedro	Codere Interactiva SL*			1.635
M ^a Carmen Martínez Sampedro	Codere Internacional SL*			1.817
M ^a Carmen Martínez Sampedro	Codere Logroño SL*			1.363
M ^a Carmen Martínez Sampedro	Codere Madrid SA*			1.817
M ^a Carmen Martínez Sampedro	Codere Navarra SL*			0.909
M ^a Carmen Martínez Sampedro	Codere Valencia SA*			1.721

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
M ^a Carmen Martínez Sampedro	Colonder SA*			1.817
M ^a Carmen Martínez Sampedro	Comercial Yontxa SA*			0.927
M ^a Carmen Martínez Sampedro	Desarrollo Online Juegos Regulados SA*			1.817
M ^a Carmen Martínez Sampedro	El Portalón SL*			0.909
M ^a Carmen Martínez Sampedro	Garaipen Victoria Apustuak SL*			1.339
M ^a Carmen Martínez Sampedro	Gistra SL*			0.861
M ^a Carmen Martínez Sampedro	J.M.Quero S.A.*			1.817
M ^a Carmen Martínez Sampedro	JPVMatic 2005 S.L.*			1.817
M ^a Carmen Martínez Sampedro	Juego de Bingo S.A.*			1.817
M ^a Carmen Martínez Sampedro	Misuri S.A.*			1.817
M ^a Carmen Martínez Sampedro	Nididem S.L.*			1.817
M ^a Carmen Martínez Sampedro	Oper Sherka S.L.*			0.927
M ^a Carmen Martínez Sampedro	Operibérica S.A.*			1.817
M ^a Carmen Martínez Sampedro	Operoeste S.A.*			0.909
M ^a Carmen Martínez Sampedro	Primer Continente SL*			0.909
M ^a Carmen Martínez Sampedro	Recreativos ACR. S.L.*			0.909
M ^a Carmen Martínez Sampedro	Recreativos Castellanos del Azar SL*			0.363
M ^a Carmen Martínez Sampedro	Recreativos Mae. S.L.*			1.817
M ^a Carmen Martínez Sampedro	Recreativos Obelisco S.L.*			1.101
M ^a Carmen Martínez Sampedro	Recreativos Populares S.L.*			1.363
M ^a Carmen Martínez Sampedro	Recreativos Ruan S.A.*			0.861
M ^a Carmen Martínez Sampedro	Red Aeam S.A.*			1.817
M ^a Carmen Martínez Sampedro	Resti y Cia. S.L.*			0.909
M ^a Carmen Martínez Sampedro	Resur Cadiz S.L.*			0.909
M ^a Carmen Martínez Sampedro	Rospay. S.L.*			0.909
M ^a Carmen Martínez Sampedro	Sigirec S.L.*			1.364
M ^a Carmen Martínez Sampedro	Super Pik S.L.*			1.817
M ^a Carmen Martínez Sampedro	Codere Interactive Inc			1.817
M ^a Carmen Martínez Sampedro	Bingo Oasis S.R.L.*			1.817
M ^a Carmen Martínez Sampedro	Bingo Re S.R.L.*			1.817
M ^a Carmen Martínez Sampedro	Bintegral S.P.A.*			1.817
M ^a Carmen Martínez Sampedro	Codemática SRL.*			1.817
M ^a Carmen Martínez Sampedro	Codere Gaming Italia SRL.*			1.817
M ^a Carmen Martínez Sampedro	Codere Italia SPA.*			1.817
M ^a Carmen Martínez Sampedro	Codestrada SRL.*			1.817

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
M ^a Carmen Martínez Sampedro	FG Slot Service SRL*			0.999
M ^a Carmen Martínez Sampedro	Formula Bingo Spa*			0
M ^a Carmen Martínez Sampedro	Formula Giochi Spa in liquidazione*			0.058
M ^a Carmen Martínez Sampedro	Gaming New SRL.*			1.817
M ^a Carmen Martínez Sampedro	Gaming Service SRL			1.363
M ^a Carmen Martínez Sampedro	Gaming Re SRL			1.363
M ^a Carmen Martínez Sampedro	Gap Games SRL			0.927
M ^a Carmen Martínez Sampedro	Gestioni Marconi S.R.L.*			1.817
M ^a Carmen Martínez Sampedro	Giomax S.R.L.*			1.817
M ^a Carmen Martínez Sampedro	Immobilgest S.R.L.*			1.817
M ^a Carmen Martínez Sampedro	Maxibingo S.R.L.*			1.817
M ^a Carmen Martínez Sampedro	Operbingo Italia S.P.A.*			1.817
M ^a Carmen Martínez Sampedro	Opergames S.R.L.*			1.817
M ^a Carmen Martínez Sampedro	Opergiochi Italia SRL.*			1.817
M ^a Carmen Martínez Sampedro	Operinvestments S.R.L.*			1.817
M ^a Carmen Martínez Sampedro	Operslots S.R.L.*			1.817
M ^a Carmen Martínez Sampedro	Palace Bingo . SRL*			1.817
M ^a Carmen Martínez Sampedro	Parisienn. SRL*			1.817
M ^a Carmen Martínez Sampedro	Codere Network SPA*			1.817
M ^a Carmen Martínez Sampedro	Seven Cora. SRL.*			1.09
M ^a Carmen Martínez Sampedro	Vasa & Azzena Service S.R.L.*			0.927
M ^a Carmen Martínez Sampedro	Vegas S.R.L.*			1.817
M ^a Carmen Martínez Sampedro	Winner Bet. SRL*			1.817
M ^a Carmen Martínez Sampedro	Codere Interattiva Italia SRL*			1.728
M ^a Carmen Martínez Sampedro	King Bingo SRL*			1.363
M ^a Carmen Martínez Sampedro	King Slot SRL*			1.363
M ^a Carmen Martínez Sampedro	Codere Finance (Luxembourg). S.A.*			1.817
M ^a Carmen Martínez Sampedro	Administradora Mexicana de Hipódromo S.A. C.V.*			0.89
M ^a Carmen Martínez Sampedro	Calle Entretenimiento las Américas SA CV*			0.89
M ^a Carmen Martínez Sampedro	Centro Convenciones las *Américas. S.A. DE C.V.			0.89
M ^a Carmen Martínez Sampedro	Codere México S.A.*			1.817
M ^a Carmen Martínez Sampedro	Entretenimiento Recreativo S.A.*			0.89
M ^a Carmen Martínez Sampedro	Entretenimiento Virtual. S.A. DE C.V.*			0.89
M ^a Carmen Martínez Sampedro	Grupo Inverjuego. S.A.*			1.223
M ^a Carmen Martínez Sampedro	Hotel entretenimiento las Américas SA CV*			0.89

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
M ^a Carmen Martínez Sampedro	Impulsora Recreativa Entretenimiento AMH SA CV*			0.845
M ^a Carmen Martínez Sampedro	Juegamax de las Américas SA DE CV *			0.452
M ^a Carmen Martínez Sampedro	Mio Games S.A. C.V.*			1.223
M ^a Carmen Martínez Sampedro	Promociones Recreativas Mexicanas S.A. DE CV SOFOM ENR*			1.817
M ^a Carmen Martínez Sampedro	Promojuegos de Mexico. S.A.*			1.223
M ^a Carmen Martínez Sampedro	Recreativos Codere S.A. DE C.V.*			1.817
M ^a Carmen Martínez Sampedro	Recreativos Marina. S.A.*			0.945
M ^a Carmen Martínez Sampedro	Servicios Compartidos en Factor Humano SA CV *			0.89
M ^a Carmen Martínez Sampedro	Servicios Administrativos Hipódromo. S.A. C.V.*			0.89
M ^a Carmen Martínez Sampedro	Coomercializadora Sortijuegos. S.A. DE C.V.*			0.89
M ^a Carmen Martínez Sampedro	Grupo Caliente SAPI de CV			1.223
M ^a Carmen Martínez Sampedro	Jomaharho SAPI de CV			1.223
M ^a Carmen Martínez Sampedro	Libros Foráneos SA de CV			1.223
M ^a Carmen Martínez Sampedro	Operadora Cantabria SA de CV			1.222
M ^a Carmen Martínez Sampedro	Operadora de Espectáculos Deportivos SA de CV			1.223
M ^a Carmen Martínez Sampedro	Carrasco Nobile S.A.B DE C.V*			0.927
M ^a Carmen Martínez Sampedro	Alta Cordillera. S.A.*			1.817
M ^a Carmen Martínez Sampedro	Codere Panamá. S.A.*			1.817
M ^a Carmen Martínez Sampedro	Compañía de Recreativos de Panamá SA*			1.817
M ^a Carmen Martínez Sampedro	Hípica de Panamá. S.A.*			1.635
M ^a Carmen Martínez Sampedro	International Thunderbird Gaming Panama CORP.*			1.156
M ^a Carmen Martínez Sampedro	Codere Puerto Rico INC.*			1.817
M ^a Carmen Martínez Sampedro	Codere Uruguay S.A.*			1.817
M ^a Carmen Martínez Sampedro	Hípica Rioplatense Uruguay S.A.*			0.909
Angel Martínez Sampedro	Francomar Investments S.A.		2	
Angel Martínez Sampedro	Promobowling S.A.		0.126	1.97
Angel Martínez Sampedro	Centros de Ocio Familiar S.L.			1.048
Angel Martínez Sampedro	Magic Recreativos S.L.U.			1.46
Angel Martínez Sampedro	Material Auxiliar de Juego Internacional Majisa S.A.			1
Angel Martínez Sampedro	Planet Bowling España S.A.U.			2.096
Angel Martínez Sampedro	Promobowling Levante S.A.U.			2.096
Angel Martínez Sampedro	Sunset Bowling S.L.U.			2.096
Angel Martínez Sampedro	Tui Play S.L. en liquidación			0.78
Angel Martínez Sampedro	Zarabowling S.A.			1.46
Angel Martínez Sampedro	Itapoan S.A.			0.36

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Ana Mª Fornieles Cañadas	Recreativos Metropolitano S.L.	Administradora Solidaria		
Mª Carmen Soria Puertas	Bingos del Oeste SA*			0.004
Mª Carmen Soria Puertas	Bingos Platenses SA*			0.004
Mª Carmen Soria Puertas	Codere Argentina SA*			0.004
Mª Carmen Soria Puertas	Hípica Rioplatense Argentina SA*			0.002
Mª Carmen Soria Puertas	Iberargen SA*			0.004
Mª Carmen Soria Puertas	Interbas S.A.*			0.004
Mª Carmen Soria Puertas	Interjuegos S.A. *			0.004
Mª Carmen Soria Puertas	Intermar Bingos S.A.*			0.003
Mª Carmen Soria Puertas	Itapoan S.A.*			0.003
Mª Carmen Soria Puertas	San Jaime S.A.*			0.004
Mª Carmen Soria Puertas	Codere Brasil Ltda*			0.004
Mª Carmen Soria Puertas	Codere Chile Ltda*			0.004
Mª Carmen Soria Puertas	Bingos Codere SA*			0.004
Mª Carmen Soria Puertas	Codere Colombia SA*			0.004
Mª Carmen Soria Puertas	Intersare SA*			0.002
Mª Carmen Soria Puertas	Codere Asesoría SA*			0.004
Mª Carmen Soria Puertas	Codere Barcelona SA*			0.004
Mª Carmen Soria Puertas	Automáticos Leman SL*			0.001
Mª Carmen Soria Puertas	Automáticos Mendoza SL*			0.002
Mª Carmen Soria Puertas	C-F8 S.L.*			0.003
Mª Carmen Soria Puertas	Cartaya SA*			0.004
Mª Carmen Soria Puertas	Codere América SL*			0.004
Mª Carmen Soria Puertas	Codere Apuestas España SL*			0.004
Mª Carmen Soria Puertas	Codere Apuestas SA*			0.004
Mª Carmen Soria Puertas	Codere Apuestas Navarra SAU*			0.004
Mª Carmen Soria Puertas	Codere Apuestas Valencia SAU			0.004
Mª Carmen Soria Puertas	Codere Apuestas Aragón S.L.U.			0.004
Mª Carmen Soria Puertas	Codere Distribuciones SL*			0.004
Mª Carmen Soria Puertas	Codere España SL*			0.004
Mª Carmen Soria Puertas	Codere Gandía SL*			0.002
Mª Carmen Soria Puertas	Codere Girona SA*			0.003
Mª Carmen Soria Puertas	Codere Guadalajara SA*			0.002
Mª Carmen Soria Puertas	Codere Huesca SL*			0.002
Mª Carmen Soria Puertas	Codere Interactiva SL*			0.004

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
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DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
M ^a Carmen Soria Puertas	Codere Logroño SL*			0.003
M ^a Carmen Soria Puertas	Codere Madrid SA*			0.004
M ^a Carmen Soria Puertas	Codere Navarra SL*			0.002
M ^a Carmen Soria Puertas	Codere Valencia SA*			0.004
M ^a Carmen Soria Puertas	Codere Online SAU			0.004
M ^a Carmen Soria Puertas	Colonder SA*			0.004
M ^a Carmen Soria Puertas	Comercial Yontxa SA*			0.002
M ^a Carmen Soria Puertas	Desarrollo Online Juegos Regulados SA*			0.004
M ^a Carmen Soria Puertas	El Portalón SL*			0.002
M ^a Carmen Soria Puertas	Garaipen Victoria Apustuak SL*			0.003
M ^a Carmen Soria Puertas	Gistra SL*			0.002
M ^a Carmen Soria Puertas	J.M.Quero S.A.*			0.004
M ^a Carmen Soria Puertas	JPVMatic 2005 S.L.*			0.004
M ^a Carmen Soria Puertas	Juego de Bingo S.A.*			0.004
M ^a Carmen Soria Puertas	Misuri S.A.*			0.004
M ^a Carmen Soria Puertas	Nididem S.L.*			0.004
M ^a Carmen Soria Puertas	Oper Sherka S.L.*			0.002
M ^a Carmen Soria Puertas	Operibérica S.A.*			0.004
M ^a Carmen Soria Puertas	Operoeste S.A.*			0.002
M ^a Carmen Soria Puertas	Primer Continente SL*			0.002
M ^a Carmen Soria Puertas	Recreativos ACR. S.L.*			0.002
M ^a Carmen Soria Puertas	Recreativos Castellanos del Azar SL*			0.001
M ^a Carmen Soria Puertas	Recreativos Mae. S.L.*			0.004
M ^a Carmen Soria Puertas	Recreativos Obelisco S.L.*			0.002
M ^a Carmen Soria Puertas	Recreativos Populares S.L.*			0.003
M ^a Carmen Soria Puertas	Recreativos Ruan S.A.*			0.002
M ^a Carmen Soria Puertas	Red Aeam S.A.*			0.004
M ^a Carmen Soria Puertas	Resti y Cia. S.L.*			0.002
M ^a Carmen Soria Puertas	Resur Cadiz S.L.*			0.002
M ^a Carmen Soria Puertas	Rospay. S.L.*			0.002
M ^a Carmen Soria Puertas	Sigirec S.L.*			0.003
M ^a Carmen Soria Puertas	Super Pik S.L.*			0.004
M ^a Carmen Soria Puertas	Codere Interactive Inc			0.004
M ^a Carmen Soria Puertas	Bingo Oasis S.R.L.*			0.004
M ^a Carmen Soria Puertas	Bingo Re S.R.L.*			0.004

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
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DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
M ^a Carmen Soria Puertas	Codematica SRL.*			0.004
M ^a Carmen Soria Puertas	Codere Gaming Italia SRL.*			0.004
M ^a Carmen Soria Puertas	Codere Italia SPA.*			0.004
M ^a Carmen Soria Puertas	Codestrada SRL.*			0.004
M ^a Carmen Soria Puertas	Cristaltec SRL*			0.002
M ^a Carmen Soria Puertas	FG Slot Service SRL*			0.002
M ^a Carmen Soria Puertas	Formula Bingo Spa*			0
M ^a Carmen Soria Puertas	Formula Giochi Spa in liquidazione*			0
M ^a Carmen Soria Puertas	Gaming New SRL.*			0.004
M ^a Carmen Soria Puertas	Gaming Service SRL			0.003
M ^a Carmen Soria Puertas	Gaming Re SRL			0.003
M ^a Carmen Soria Puertas	Gap Games SRL			0.002
M ^a Carmen Soria Puertas	Gestioni Marconi S.R.L.*			0.004
M ^a Carmen Soria Puertas	Giomax S.R.L.*			0.004
M ^a Carmen Soria Puertas	Immobilgest S.R.L.*			0.004
M ^a Carmen Soria Puertas	Maxibingo S.R.L.*			0.004
M ^a Carmen Soria Puertas	Operbingo Italia S.P.A.*			0.004
M ^a Carmen Soria Puertas	Opergames S.R.L.*			0.004
M ^a Carmen Soria Puertas	Opergiochi Italia SRL.*			0.004
M ^a Carmen Soria Puertas	Operinvestments S.R.L.*			0.004
M ^a Carmen Soria Puertas	Operslots S.R.L.*			0.004
M ^a Carmen Soria Puertas	Palace Bingo . SRL*			0.004
M ^a Carmen Soria Puertas	Parisienn. SRL*			0.004
M ^a Carmen Soria Puertas	Codere Network SPA*			0.004
M ^a Carmen Soria Puertas	Seven Cora. SRL.*			0.002
M ^a Carmen Soria Puertas	Vasa & Azzena Service S.R.L.*			0.002
M ^a Carmen Soria Puertas	Vegas S.R.L.*			0.004
M ^a Carmen Soria Puertas	Winner Bet. SRL*			0.004
M ^a Carmen Soria Puertas	Codere Interattiva Italia SRL*			0.004
M ^a Carmen Soria Puertas	King Bingo SRL*			0.003
M ^a Carmen Soria Puertas	King Slot SRL*			0.003
M ^a Carmen Soria Puertas	Codere Finance (Luxembourg). S.A.*			0.004
M ^a Carmen Soria Puertas	Administradora Mexicana de Hipódromo S.A. C.V.*			0.002
M ^a Carmen Soria Puertas	Calle Entretenimiento las Américas SA CV*			0.002
M ^a Carmen Soria Puertas	Centro Convenciones las *Américas. S.A. DE C.V.			0.002

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
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DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
M ^a Carmen Soria Puertas	Entretenimiento Virtual. S.A. DE C.V.*			0.002
M ^a Carmen Soria Puertas	Grupo Inverjuego. S.A.*			0.003
M ^a Carmen Soria Puertas	Hotel entretenimiento las Américas SA CV*			0.002
M ^a Carmen Soria Puertas	Impulsora Centros de Entretenimiento las Américas SA CV*			0.002
M ^a Carmen Soria Puertas	Impulsora Recrativa Entretenimiento AMH SA CV*			0.002
M ^a Carmen Soria Puertas	Juegamax de las Américas SA DE CV *			0.001
M ^a Carmen Soria Puertas	Mio Games S.A. C.V.*			0.003
M ^a Carmen Soria Puertas	Promociones Recreativas Mexicanas S.A. DE CV SOFOM ENR*			0.004
M ^a Carmen Soria Puertas	Promojuegos de Mexico. S.A.*			0.003
M ^a Carmen Soria Puertas	Recreativos Codere S.A. DE C.V.*			0.004
M ^a Carmen Soria Puertas	Recreativos Marina. S.A.*			0.002
M ^a Carmen Soria Puertas	Servicios Compartidos en Factor Humano SA CV *			0.002
M ^a Carmen Soria Puertas	Servicios Administrativos Hipódromo. S.A. C.V.*			0.002
M ^a Carmen Soria Puertas	Comercializadora Sortijuegos. S.A. DE C.V.*			0.002
M ^a Carmen Soria Puertas	Grupo Caliente SAPI de CV			0.003
M ^a Carmen Soria Puertas	Jomaharho SAPI de CV			0.003
M ^a Carmen Soria Puertas	Libros Foráneos SA de CV			0.003
M ^a Carmen Soria Puertas	Operadora Cantabria SA de CV			0.003
M ^a Carmen Soria Puertas	Operadora de Espectáculos Deportivos SA de CV			0.003
M ^a Carmen Soria Puertas	Carrasco Nobile S.A.B DE C.V.*			0.002
M ^a Carmen Soria Puertas	Alta Cordillera. S.A.*			0.004
M ^a Carmen Soria Puertas	Codere Panamá. S.A.*			0.004
M ^a Carmen Soria Puertas	Compañía de Recreativos de Panamá SA*			0.004
M ^a Carmen Soria Puertas	Hípica de Panamá. S.A.*			0.004
M ^a Carmen Soria Puertas	International Thunderbird Gaming Panama CORP.*			0.003
M ^a Carmen Soria Puertas	Codere Puerto Rico INC.*			0.004
M ^a Carmen Soria Puertas	Codere Uruguay S.A.*			0.004
M ^a Carmen Soria Puertas	Hípica Rioplatense Uruguay S.A.*			0.002
Mónica Martínez Soria	Bingos del Oeste SA*			0.002
Mónica Martínez Soria	Bingos Platenses SA*			0.002
Mónica Martínez Soria	Codere Argentina SA*			0.002
Mónica Martínez Soria	Hípica Rioplatense Argentina SA*			0.001
Mónica Martínez Soria	Iberargen SA*			0.002
Mónica Martínez Soria	Interbas S.A.*			0.002
Mónica Martínez Soria	Interjuegos S.A. *			0.002

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
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DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Mónica Martínez Soria	Itapoan S.A.*			0.002
Mónica Martínez Soria	San Jaime S.A.*			0.002
Mónica Martínez Soria	Codere Brasil Ltda*			0.002
Mónica Martínez Soria	Codere Chile Ltda*			0.002
Mónica Martínez Soria	Bingos Codere SA*			0.002
Mónica Martínez Soria	Codere Colombia SA*			0.002
Mónica Martínez Soria	Intersare SA*			0.001
Mónica Martínez Soria	Codere Asesoría SA*			0.002
Mónica Martínez Soria	Codere Barcelona SA*			0.002
Mónica Martínez Soria	Automáticos Leman SL*			0
Mónica Martínez Soria	Automáticos Mendoza SL*			0.001
Mónica Martínez Soria	C-F8 S.L.*			0.002
Mónica Martínez Soria	Cartaya SA*			0.002
Mónica Martínez Soria	Codere América SL*			0.002
Mónica Martínez Soria	Codere Apuestas España SL*			0.002
Mónica Martínez Soria	Codere Apuestas SA*			0.002
Mónica Martínez Soria	Codere Apuestas Navarra SAU*			0.002
Mónica Martínez Soria	Codere Apuestas Valencia SAU			0.002
Mónica Martínez Soria	Codere Apuestas Aragón S.L.U.			0.002
Mónica Martínez Soria	Codere Distribuciones SL*			0.002
Mónica Martínez Soria	Codere España SL*			0.002
Mónica Martínez Soria	Codere Gandía SL*			0.001
Mónica Martínez Soria	Codere Girona SA*			0.001
Mónica Martínez Soria	Codere Guadalajara SA*			0.001
Mónica Martínez Soria	Codere Huesca SL*			0.001
Mónica Martínez Soria	Codere Interactiva SL*			0.002
Mónica Martínez Soria	Codere Internacional SL*			0.002
Mónica Martínez Soria	Codere Logroño SL*			0.002
Mónica Martínez Soria	Codere Madrid SA*			0.002
Mónica Martínez Soria	Codere Navarra SL*			0.001
Mónica Martínez Soria	Codere Valencia SA*			0.002
Mónica Martínez Soria	Codere Online SAU			0.002
Mónica Martínez Soria	Colonder SA*			0.002
Mónica Martínez Soria	Comercial Yontxa SA*			0.001

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DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Mónica Martínez Soria	Desarrollo Online Juegos Regulados SA*			0.002
Mónica Martínez Soria	El Portalón SL*			0.001
Mónica Martínez Soria	Garaipen Victoria Apustuak SL*			0.001
Mónica Martínez Soria	Gistra SL*			0.001
Mónica Martínez Soria	J.M.Quero S.A.*			0.002
Mónica Martínez Soria	JPVMatic 2005 S.L.*			0.002
Mónica Martínez Soria	Juego de Bingo S.A.*			0.002
Mónica Martínez Soria	Misuri S.A.*			0.002
Mónica Martínez Soria	Nididem S.L.*			0.002
Mónica Martínez Soria	Oper Sherka S.L.*			0.001
Mónica Martínez Soria	Operibérica S.A.*			0.002
Mónica Martínez Soria	Operoeste S.A.*			0.001
Mónica Martínez Soria	Primer Continente SL*			0.001
Mónica Martínez Soria	Recreativos ACR. S.L.*			0.001
Mónica Martínez Soria	Recreativos Castellanos del Azar SL*			0
Mónica Martínez Soria	Recreativos Mae. S.L.*			0.002
Mónica Martínez Soria	Recreativos Obelisco S.L.*			0.001
Mónica Martínez Soria	Recreativos Populares S.L.*			0.002
Mónica Martínez Soria	Recreativos Ruan S.A.*			0.001
Mónica Martínez Soria	Red Aeam S.A.*			0.002
Mónica Martínez Soria	Resti y Cia. S.L.*			0.001
Mónica Martínez Soria	Resur Cadiz S.L.*			0.001
Mónica Martínez Soria	Rospay. S.L.*			0.001
Mónica Martínez Soria	Sigirec S.L.*			0.002
Mónica Martínez Soria	Super Pik S.L.*			0.002
Mónica Martínez Soria	Codere Interactive Inc			0.002
Mónica Martínez Soria	Bingo Oasis S.R.L.*			0.002
Mónica Martínez Soria	Bingo Re S.R.L.*			0.002
Mónica Martínez Soria	Bintegral S.P.A.*			0.002
Mónica Martínez Soria	Codematica SRL.*			0.002
Mónica Martínez Soria	Codere Gaming Italia SRL.*			0.002
Mónica Martínez Soria	Codere Italia SPA.*			0.002
Mónica Martínez Soria	Codestrada SRL.*			0.002
Mónica Martínez Soria	Cristaltec SRL*			0.001
Mónica Martínez Soria	FG Slot Service SRL*			0.001

CODERE, S.A. AND SUBSIDIARIES
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DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Mónica Martínez Soria	Formula Giochi Spa in liquidazione*			0
Mónica Martínez Soria	Gaming New SRL.*			0.002
Mónica Martínez Soria	Gaming Service SRL			0.002
Mónica Martínez Soria	Gaming Re SRL			0.002
Mónica Martínez Soria	Gap Games SRL			0.001
Mónica Martínez Soria	Gestioni Marconi S.R.L.*			0.002
Mónica Martínez Soria	Giomax S.R.L.*			0.002
Mónica Martínez Soria	Immobilgest S.R.L.*			0.002
Mónica Martínez Soria	Maxibingo S.R.L.*			0.002
Mónica Martínez Soria	Operbingo Italia S.P.A.*			0.002
Mónica Martínez Soria	Opengames S.R.L.*			0.002
Mónica Martínez Soria	Opergiochi Italia SRL.*			0.002
Mónica Martínez Soria	Operinvestments S.R.L.*			0.002
Mónica Martínez Soria	Operslots S.R.L.*			0.002
Mónica Martínez Soria	Palace Bingo . SRL*			0.002
Mónica Martínez Soria	Parisienne. SRL*			0.002
Mónica Martínez Soria	Codere Network SPA*			0.002
Mónica Martínez Soria	Seven Cora. SRL.*			0.001
Mónica Martínez Soria	Vasa & Azzena Service S.R.L.*			0.001
Mónica Martínez Soria	Vegas S.R.L.*			0.002
Mónica Martínez Soria	Winner Bet. SRL*			0.002
Mónica Martínez Soria	Codere Interattiva Italia SRL*			0.002
Mónica Martínez Soria	King Bingo SRL*			0.002
Mónica Martínez Soria	King Slot SRL*			0.002
Mónica Martínez Soria	Codere Finance (Luxembourg). S.A.*			0.002
Mónica Martínez Soria	Administradora Mexicana de Hipódromo S.A. C.V.*			0.001
Mónica Martínez Soria	Calle Entretenimiento las Américas SA CV*			0.001
Mónica Martínez Soria	Centro Convenciones las *Américas. S.A. DE C.V.			0.001
Mónica Martínez Soria	Codere México S.A.*			0.002
Mónica Martínez Soria	Entretenimiento Recreativo S.A.*			0.001
Mónica Martínez Soria	Entretenimiento Virtual. S.A. DE C.V.*			0.001
Mónica Martínez Soria	Grupo Inverjuego. S.A.*			0.001
Mónica Martínez Soria	Hotel entretenimiento las Américas SA CV*			0.001
Mónica Martínez Soria	Impulsora Centros de Entretenimiento las Américas SA CV*			0.001
Mónica Martínez Soria	Impulsora Recrativa Entretenimiento AMH SA CV*			0.001

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Mónica Martínez Soria	Mio Games S.A. C.V.*			0.001
Mónica Martínez Soria	Promociones Recreativas Mexicanas S.A. DE CV SOFOM ENR*			0.002
Mónica Martínez Soria	Promojuegos de Mexico. S.A.*			0.001
Mónica Martínez Soria	Recreativos Codere S.A. DE C.V.*			0.002
Mónica Martínez Soria	Recreativos Marina. S.A.*			0.001
Mónica Martínez Soria	Servicios Compartidos en Factor Humano SA CV *			0.001
Mónica Martínez Soria	Servicios Administrativos Hipódromo. S.A. C.V.*			0.001
Mónica Martínez Soria	Comercializadora Sortijuegos. S.A. DE C.V.*			0.001
Mónica Martínez Soria	Grupo Caliente SAPI de CV			0.001
Mónica Martínez Soria	Jomaharho SAPI de CV			0.001
Mónica Martínez Soria	Libros Foráneos SA de CV			0.001
Mónica Martínez Soria	Operadora Cantabria SA de CV			0.001
Mónica Martínez Soria	Operadora de Espectáculos Deportivos SA de CV			0.001
Mónica Martínez Soria	Carrasco Nobile S.A.B DE C.V*			0.001
Mónica Martínez Soria	Alta Cordillera. S.A.*			0.002
Mónica Martínez Soria	Codere Panamá. S.A.*			0.002
Mónica Martínez Soria	Compañía de Recreativos de Panamá SA*			0.002
Mónica Martínez Soria	Hípica de Panamá. S.A.*			0.002
Mónica Martínez Soria	International Thunderbird Gaming Panama CORP.*			0.001
Mónica Martínez Soria	Codere Puerto Rico INC.*			0.002
Mónica Martínez Soria	Codere Uruguay S.A.*			0.002
Mónica Martínez Soria	Hípica Rioplatense Uruguay S.A.*			0.001
Cristina Martínez Soria	Bingos del Oeste SA*			0.002
Cristina Martínez Soria	Bingos Platenses SA*			0.002
Cristina Martínez Soria	Codere Argentina SA*			0.002
Cristina Martínez Soria	Hípica Rioplatense Argentina SA*			0.001
Cristina Martínez Soria	Iberargen SA*			0.002
Cristina Martínez Soria	Interbas S.A.*			0.002
Cristina Martínez Soria	Interjuegos S.A. *			0.002
Cristina Martínez Soria	Intermar Bingos S.A.*			0.002
Cristina Martínez Soria	Itapoan S.A.*			0.002
Cristina Martínez Soria	San Jaime S.A.*			0.002
Cristina Martínez Soria	Codere Brasil Ltda*			0.002
Cristina Martínez Soria	Codere Chile Ltda*			0.002
Cristina Martínez Soria	Bingos Codere SA*			0.002

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Cristina Martínez Soria	Codere Colombia SA*			0.002
Cristina Martínez Soria	Intersare SA*			0.001
Cristina Martínez Soria	Codere Asesoría SA*			0.002
Cristina Martínez Soria	Codere Barcelona SA*			0.002
Cristina Martínez Soria	Automáticos Leman SL*			0
Cristina Martínez Soria	Automáticos Mendoza SL*			0.001
Cristina Martínez Soria	C-F8 S.L.*			0.002
Cristina Martínez Soria	Cartaya SA*			0.002
Cristina Martínez Soria	Codere América SL*			0.002
Cristina Martínez Soria	Codere Apuestas España SL*			0.002
Cristina Martínez Soria	Codere Apuestas SA*			0.002
Cristina Martínez Soria	Codere Apuestas Navarra SAU*			0.002
Cristina Martínez Soria	Codere Apuestas Valencia SAU			0.002
Cristina Martínez Soria	Codere Apuestas Aragón S.L.U.			0.002
Cristina Martínez Soria	Codere Distribuciones SL*			0.002
Cristina Martínez Soria	Codere España SL*			0.002
Cristina Martínez Soria	Codere Gandía SL*			0.001
Cristina Martínez Soria	Codere Girona SA*			0.001
Cristina Martínez Soria	Codere Guadalajara SA*			0.001
Cristina Martínez Soria	Codere Huesca SL*			0.001
Cristina Martínez Soria	Codere Interactiva SL*			0.002
Cristina Martínez Soria	Codere Internacional SL*			0.002
Cristina Martínez Soria	Codere Logroño SL*			0.002
Cristina Martínez Soria	Codere Madrid SA*			0.002
Cristina Martínez Soria	Codere Navarra SL*			0.001
Cristina Martínez Soria	Codere Valencia SA*			0.002
Cristina Martínez Soria	Codere Online SAU			0.002
Cristina Martínez Soria	Colonder SA*			0.002
Cristina Martínez Soria	Comercial Yontxa SA*			0.001
Cristina Martínez Soria	Desarrollo Online Juegos Regulados SA*			0.002
Cristina Martínez Soria	El Portalón SL*			0.001
Cristina Martínez Soria	Garaipen Victoria Apustuak SL*			0.001
Cristina Martínez Soria	Gistra SL*			0.001
Cristina Martínez Soria	J.M.Quero S.A.*			0.002
Cristina Martínez Soria	JPVMatic 2005 S.L.*			0.002

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Cristina Martínez Soria	Misuri S.A.*			0.002
Cristina Martínez Soria	Nididem S.L.*			0.002
Cristina Martínez Soria	Oper Sherka S.L.*			0.001
Cristina Martínez Soria	Operibérica S.A.*			0.002
Cristina Martínez Soria	Operoeste S.A.*			0.001
Cristina Martínez Soria	Primer Continente SL*			0.001
Cristina Martínez Soria	Recreativos ACR. S.L.*			0.001
Cristina Martínez Soria	Recreativos Castellanos del Azar SL*			0
Cristina Martínez Soria	Recreativos Mae. S.L.*			0.002
Cristina Martínez Soria	Recreativos Obelisco S.L.*			0.001
Cristina Martínez Soria	Recreativos Populares S.L.*			0.002
Cristina Martínez Soria	Recreativos Ruan S.A.*			0.001
Cristina Martínez Soria	Red Aeam S.A.*			0.002
Cristina Martínez Soria	Resti y Cia. S.L.*			0.001
Cristina Martínez Soria	Resur Cadiz S.L.*			0.001
Cristina Martínez Soria	Rospay. S.L.*			0.001
Cristina Martínez Soria	Sigirec S.L.*			0.002
Cristina Martínez Soria	Super Pik S.L.*			0.002
Cristina Martínez Soria	Codere Interactive Inc			0.002
Cristina Martínez Soria	Bingo Oasis S.R.L.*			0.002
Cristina Martínez Soria	Bingo Re S.R.L.*			0.002
Cristina Martínez Soria	Bintegral S.P.A.*			0.002
Cristina Martínez Soria	Codematica SRL.*			0.002
Cristina Martínez Soria	Codere Gaming Italia SRL.*			0.002
Cristina Martínez Soria	Codere Italia SPA.*			0.002
Cristina Martínez Soria	Codestrada SRL.*			0.002
Cristina Martínez Soria	Cristaltec SRL*			0.001
Cristina Martínez Soria	FG Slot Service SRL*			0.001
Cristina Martínez Soria	Formula Bingo Spa*			0
Cristina Martínez Soria	Formula Giochi Spa in liquidazione*			0
Cristina Martínez Soria	Gaming New SRL.*			0.002
Cristina Martínez Soria	Gaming Service SRL			0.002
Cristina Martínez Soria	Gaming Re SRL			0.002
Cristina Martínez Soria	Gap Games SRL			0.001
Cristina Martínez Soria	Gestioni Marconi S.R.L.*			0.002

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Cristina Martínez Soria	Maxibingo S.R.L.*			0.002
Cristina Martínez Soria	Operbingo Italia S.P.A.*			0.002
Cristina Martínez Soria	Opergames S.R.L.*			0.002
Cristina Martínez Soria	Opergiochi Italia SRL.*			0.002
Cristina Martínez Soria	Operinvestments S.R.L.*			0.002
Cristina Martínez Soria	Operslots S.R.L.*			0.002
Cristina Martínez Soria	Palace Bingo . SRL*			0.002
Cristina Martínez Soria	Parisienne. SRL*			0.002
Cristina Martínez Soria	Codere Network SPA*			0.002
Cristina Martínez Soria	Seven Cora. SRL.*			0.001
Cristina Martínez Soria	Vasa & Azzena Service S.R.L.*			0.001
Cristina Martínez Soria	Vegas S.R.L.*			0.002
Cristina Martínez Soria	Winner Bet. SRL*			0.002
Cristina Martínez Soria	Codere Interattiva Italia SRL*			0.002
Cristina Martínez Soria	King Bingo SRL*			0.002
Cristina Martínez Soria	King Slot SRL*			0.002
Cristina Martínez Soria	Codere Finance (Luxembourg). S.A.*			0.002
Cristina Martínez Soria	Administradora Mexicana de Hipódromo S.A. C.V.*			0.001
Cristina Martínez Soria	Calle Entretenimiento las Américas SA CV*			0.001
Cristina Martínez Soria	Centro Convenciones las *Américas. S.A. DE C.V.			0.001
Cristina Martínez Soria	Codere México S.A.*			0.002
Cristina Martínez Soria	Entretenimiento Recreativo S.A.*			0.001
Cristina Martínez Soria	Entretenimiento Virtual. S.A. DE C.V.*			0.001
Cristina Martínez Soria	Grupo Inverjuego. S.A.*			0.001
Cristina Martínez Soria	Hotel entretenimiento las Américas SA CV*			0.001
Cristina Martínez Soria	Impulsora Centros de Entretenimiento las Américas SA CV*			0.001
Cristina Martínez Soria	Impulsora Recrativa Entretenimiento AMH SA CV*			0.001
Cristina Martínez Soria	Juegamax de las Américas SA DE CV *			0
Cristina Martínez Soria	Mio Games S.A. C.V.*			0.001
Cristina Martínez Soria	Promociones Recreativas Mexicanas S.A. DE CV SOFOM ENR*			0.002
Cristina Martínez Soria	Promojuegos de Mexico. S.A.*			0.001
Cristina Martínez Soria	Recreativos Codere S.A. DE C.V.*			0.002
Cristina Martínez Soria	Recreativos Marina. S.A.*			0.001
Cristina Martínez Soria	Servicios Compartidos en Factor Humano SA CV *			0.001
Cristina Martínez Soria	Servicios Administrativos Hipódromo. S.A. C.V.*			0.001

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Cristina Martínez Soria	Jomaharho SAPI de CV			0.001
Cristina Martínez Soria	Libros Foráneos SA de CV			0.001
Cristina Martínez Soria	Operadora Cantabria SA de CV			0.001
Cristina Martínez Soria	Operadora de Espectáculos Deportivos SA de CV			0.001
Cristina Martínez Soria	Carrasco Nobile S.A.B DE C.V*			0.001
Cristina Martínez Soria	Alta Cordillera. S.A.*			0.002
Cristina Martínez Soria	Codere Panamá. S.A.*			0.002
Cristina Martínez Soria	Compañía de Recreativos de Panamá SA*			0.002
Cristina Martínez Soria	Hípica de Panamá. S.A.*			0.002
Cristina Martínez Soria	International Thunderbird Gaming Panama CORP.*			0.001
Cristina Martínez Soria	Codere Puerto Rico INC.*			0.002
Cristina Martínez Soria	Codere Uruguay S.A.*			0.002
Cristina Martínez Soria	Hípica Rioplatense Uruguay S.A.*			0.001
Luis Javier Martínez Sampedro	Francomar Investments SA	Consejero	12	
Luis Javier Martínez Sampedro	Promobowling S.A.		0.124	11.85
Luis Javier Martínez Sampedro	Centros de Ocio Familiar S.L.			5.987
Luis Javier Martínez Sampedro	Magic Recreativos S.L.U.			8.38
Luis Javier Martínez Sampedro	Material Auxiliar de Juego Internacional Majisa S.A.			6
Luis Javier Martínez Sampedro	Planet Bowling España S.A.U.			11.974
Luis Javier Martínez Sampedro	Promobowling Levante S.A.U.			11.974
Luis Javier Martínez Sampedro	Sunset Bowling S.L.U.			11.974
Luis Javier Martínez Sampedro	Tui Play S.L. en liquidación			4.668
Luis Javier Martínez Sampedro	Zarabowling S.A.			8.38
Luis Javier Martínez Sampedro	Itapoan S.A.			2.184
Luis Javier Martínez Sampedro	Material Auxiliar de Juego Internacional de Colombia S.A.			6.12
Luis Javier Martínez Sampedro	Intersare S.A.		0.1	
Luis Javier Martínez Sampedro	Bingos del Oeste SA*			2.537
Luis Javier Martínez Sampedro	Bingos Platenses SA*			2.537
Luis Javier Martínez Sampedro	Codere Argentina SA*			2.537
Luis Javier Martínez Sampedro	Hípica Rioplatense Argentina SA*			1.269
Luis Javier Martínez Sampedro	Iberargen SA*			2.537
Luis Javier Martínez Sampedro	Interbas S.A.*			2.537
Luis Javier Martínez Sampedro	Interjuegos S.A. *			2.537
Luis Javier Martínez Sampedro	Intermar Bingos S.A.*			2.03
Luis Javier Martínez Sampedro	Itapoan S.A.*			2.074

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Luis Javier Martínez Sampedro	Codere Brasil Ltda*			2.537
Luis Javier Martínez Sampedro	Codere Chile Ltda*			2.537
Luis Javier Martínez Sampedro	Bingos Codere SA*			2.537
Luis Javier Martínez Sampedro	Codere Colombia SA*			2.537
Luis Javier Martínez Sampedro	Intersare SA*			1.519
Luis Javier Martínez Sampedro	Codere Asesoría SA*			2.403
Luis Javier Martínez Sampedro	Codere Barcelona SA*			2.537
Luis Javier Martínez Sampedro	Automáticos Leman SL*			0.343
Luis Javier Martínez Sampedro	Automáticos Mendoza SL*			1.269
Luis Javier Martínez Sampedro	C-F8 S.L.*			1.903
Luis Javier Martínez Sampedro	Cartaya SA*			2.537
Luis Javier Martínez Sampedro	Codere América SL*	Administrador Solidario		2.537
Luis Javier Martínez Sampedro	Codere Apuestas España SL*			2.537
Luis Javier Martínez Sampedro	Codere Apuestas SA*			2.537
Luis Javier Martínez Sampedro	Codere Apuestas Navarra SAU*			2.537
Luis Javier Martínez Sampedro	Codere Apuestas Valencia SAU			2.537
Luis Javier Martínez Sampedro	Codere Apuestas Aragón S.L.U.			2.537
Luis Javier Martínez Sampedro	Codere Distribuciones SL*			2.537
Luis Javier Martínez Sampedro	Codere España SL*			2.537
Luis Javier Martínez Sampedro	Codere Gandía SL*			1.269
Luis Javier Martínez Sampedro	Codere Girona SA*			1.691
Luis Javier Martínez Sampedro	Codere Guadalajara SA*			1.269
Luis Javier Martínez Sampedro	Codere Huesca SL*			1.294
Luis Javier Martínez Sampedro	Codere Interactiva SL*			2.283
Luis Javier Martínez Sampedro	Codere Internacional SL*	Administrador Solidario		2.537
Luis Javier Martínez Sampedro	Codere Logroño SL*			1.904
Luis Javier Martínez Sampedro	Codere Madrid SA*			2.537
Luis Javier Martínez Sampedro	Codere Navarra SL*			1.269
Luis Javier Martínez Sampedro	Codere Valencia SA*			2.403
Luis Javier Martínez Sampedro	Codere Online SAU			2.537
Luis Javier Martínez Sampedro	Colonder SA*			2.537
Luis Javier Martínez Sampedro	Comercial Yontxa SA*			1.294
Luis Javier Martínez Sampedro	Desarrollo Online Juegos Regulados SA*	Presidente y Consejero Delegado		2.537
Luis Javier Martínez Sampedro	El Portalón SL*			1.269
Luis Javier Martínez Sampedro	Garaipen Victoria Apustuak SL*			1.87

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Luis Javier Martínez Sampedro	JPVMatic 2005 S.L.*			2.537
Luis Javier Martínez Sampedro	Juego de Bingo S.A.*			2.537
Luis Javier Martínez Sampedro	Misuri S.A.*			2.537
Luis Javier Martínez Sampedro	Nididem S.L.*			2.537
Luis Javier Martínez Sampedro	Oper Sherka S.L.*			1.294
Luis Javier Martínez Sampedro	Operibérica S.A.*			2.537
Luis Javier Martínez Sampedro	Operoeste S.A.*			1.269
Luis Javier Martínez Sampedro	Primer Continente SL*			1.269
Luis Javier Martínez Sampedro	Recreativos ACR. S.L.*			1.269
Luis Javier Martínez Sampedro	Recreativos Castellanos del Azar SL*			0.507
Luis Javier Martínez Sampedro	Recreativos Mae. S.L.*			2.537
Luis Javier Martínez Sampedro	Recreativos Obelisco S.L.*			1.538
Luis Javier Martínez Sampedro	Recreativos Populares S.L.*			1.903
Luis Javier Martínez Sampedro	Recreativos Ruan S.A.*			1.202
Luis Javier Martínez Sampedro	Red Aeam S.A.*			2.537
Luis Javier Martínez Sampedro	Resti y Cia. S.L.*			1.269
Luis Javier Martínez Sampedro	Resur Cadiz S.L.*			1.269
Luis Javier Martínez Sampedro	Rospay. S.L.*			1.269
Luis Javier Martínez Sampedro	Sigirec S.L.*			1.904
Luis Javier Martínez Sampedro	Super Pik S.L.*			2.537
Luis Javier Martínez Sampedro	Codere Interactive Inc			2.537
Luis Javier Martínez Sampedro	Bingo Oasis S.R.L.*			2.537
Luis Javier Martínez Sampedro	Bingo Re S.R.L.*			2.537
Luis Javier Martínez Sampedro	Bintegral S.P.A.*			2.537
Luis Javier Martínez Sampedro	Codematica SRL.*			2.537
Luis Javier Martínez Sampedro	Codere Gaming Italia SRL.*			2.537
Luis Javier Martínez Sampedro	Codere Italia SPA.*			2.537
Luis Javier Martínez Sampedro	Codestrada SRL.*			2.537
Luis Javier Martínez Sampedro	Cristaltec SRL*			1.294
Luis Javier Martínez Sampedro	FG Slot Service SRL*			1.395
Luis Javier Martínez Sampedro	Formula Bingo Spa*			0.37
Luis Javier Martínez Sampedro	Formula Giochi Spa in liquidazione*			0.84
Luis Javier Martínez Sampedro	Gaming New SRL.*			2.537
Luis Javier Martínez Sampedro	Gaming Service SRL			1.903
Luis Javier Martínez Sampedro	Gaming Re SRL			1.903

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Luis Javier Martínez Sampedro	Gestioni Marconi S.R.L.*			2.537
Luis Javier Martínez Sampedro	Giomax S.R.L.*			2.537
Luis Javier Martínez Sampedro	Immobilgest S.R.L.*			2.537
Luis Javier Martínez Sampedro	Maxibingo S.R.L.*			2.537
Luis Javier Martínez Sampedro	Operbingo Italia S.P.A.*			2.537
Luis Javier Martínez Sampedro	Opergames S.R.L.*			2.537
Luis Javier Martínez Sampedro	Opergiochi Italia SRL.*			2.537
Luis Javier Martínez Sampedro	Operinvestments S.R.L.*			2.537
Luis Javier Martínez Sampedro	Operslots S.R.L.*			2.537
Luis Javier Martínez Sampedro	Palace Bingo . SRL*			2.537
Luis Javier Martínez Sampedro	Parisiennne. SRL*			2.537
Luis Javier Martínez Sampedro	Codere Network SPA*			2.537
Luis Javier Martínez Sampedro	Seven Cora. SRL.*			1.522
Luis Javier Martínez Sampedro	Vasa & Azzena Service S.R.L.*			1.294
Luis Javier Martínez Sampedro	Vegas S.R.L.*			2.537
Luis Javier Martínez Sampedro	Winner Bet. SRL*			2.537
Luis Javier Martínez Sampedro	Codere Interattiva Italia SRL*			2.413
Luis Javier Martínez Sampedro	King Bingo SRL*			1.903
Luis Javier Martínez Sampedro	King Slot SRL*			1.903
Luis Javier Martínez Sampedro	Codere Finance (Luxembourg). S.A.*			2.537
Luis Javier Martínez Sampedro	Administradora Mexicana de Hipódromo S.A. C.V.*			1.243
Luis Javier Martínez Sampedro	Calle Entretenimiento las Américas SA CV*			1.243
Luis Javier Martínez Sampedro	Centro Convenciones las *Américas. S.A. DE C.V.			1.243
Luis Javier Martínez Sampedro	Codere México S.A.*	Tesorero		2.537
Luis Javier Martínez Sampedro	Entretenimiento Recreativo S.A.*			1.243
Luis Javier Martínez Sampedro	Entretenimiento Virtual. S.A. DE C.V.*			1.243
Luis Javier Martínez Sampedro	Grupo Inverjuego. S.A.*			1.707
Luis Javier Martínez Sampedro	Hotel entretenimiento las Américas SA CV*			1.243
Luis Javier Martínez Sampedro	Impulsora Centros de Entretenimiento las Américas SA CV*			1.243
Luis Javier Martínez Sampedro	Impulsora Recreativa Entretenimiento AMH SA CV*			1.18
Luis Javier Martínez Sampedro	Juegamax de las Américas SA DE CV *			0.632
Luis Javier Martínez Sampedro	Mio Games S.A. C.V.*			1.707
Luis Javier Martínez Sampedro	Promociones Recreativas Mexicanas S.A. DE CV SOFOM ENR*			2.537
Luis Javier Martínez Sampedro	Promojuegos de Mexico. S.A.*			1.707
Luis Javier Martínez Sampedro	Recreativos Codere S.A. DE C.V.*			2.537

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Luis Javier Martínez Sampedro	Recreativos Marina. S.A.*			1.319
Luis Javier Martínez Sampedro	Servicios Compartidos en Factor Humano SA CV *			1.243
Luis Javier Martínez Sampedro	Servicios Administrativos Hipódromo. S.A. C.V.*			1.243
Luis Javier Martínez Sampedro	Coomercializadora Sortijuegos. S.A. DE C.V.*			1.243
Luis Javier Martínez Sampedro	Grupo Caliente SAPI de CV			1.707
Luis Javier Martínez Sampedro	Jomaharho SAPI de CV			1.707
Luis Javier Martínez Sampedro	Libros Foráneos SA de CV			1.707
Luis Javier Martínez Sampedro	Operadora Cantabria SA de CV			1.707
Luis Javier Martínez Sampedro	Operadora de Espectáculos Deportivos SA de CV			1.707
Luis Javier Martínez Sampedro	Carrasco Nobile S.A.B DE C.V*			1.294
Luis Javier Martínez Sampedro	Alta Cordillera. S.A.*	Presidente		2.537
Luis Javier Martínez Sampedro	Codere Panamá. S.A.*	Presidente Junta Directiva		2.537
Luis Javier Martínez Sampedro	Compañía de Recreativos de Panamá SA*	Presidente Junta Directiva		2.537
Luis Javier Martínez Sampedro	Hípica de Panamá. S.A.*	Presidente Junta Directiva		2.283
Luis Javier Martínez Sampedro	International Thunderbird Gaming Panama CORP.*	Presidente del Directorio		1.614
Luis Javier Martínez Sampedro	Codere Puerto Rico INC.*			2.537
Luis Javier Martínez Sampedro	Codere Uruguay S.A.*			2.537
Luis Javier Martínez Sampedro	Hípica Rioplatense Uruguay S.A.*			1.269
Encarnación Martínez Sampedro	Francomar Investments S.A.	Secretaria	12	
Encarnación Martínez Sampedro	Promobowling S.A.	Secretaria y Consejera Delegada	0.124	11.85
Encarnación Martínez Sampedro	Centros de Ocio Familiar S.L.			5.987
Encarnación Martínez Sampedro	Magic Recreativos S.L.U.			8.38
Encarnación Martínez Sampedro	Material Auxiliar de Juego Internacional Majisa S.A.			6
Encarnación Martínez Sampedro	Planet Bowling España S.A.U.			11.974
Encarnación Martínez Sampedro	Promobowling Levante S.A.U.	Administradora Solidaria		11.974
Encarnación Martínez Sampedro	Sunset Bowling S.L.U.			11.974
Encarnación Martínez Sampedro	Tui Play S.L. en liquidación			4.668
Encarnación Martínez Sampedro	Zarabowling S.A.	Presidente		8.38
Encarnación Martínez Sampedro	Itapoan S.A.			2.184
Encarnación Martínez Sampedro	Material Auxiliar de Juego Internacional de Colombia S.A.			6.12
Encarnación Martínez Sampedro	Bingos del Oeste SA*			2.184
Encarnación Martínez Sampedro	Bingos Platenses SA*			2.184
Encarnación Martínez Sampedro	Codere Argentina SA*			2.184
Encarnación Martínez Sampedro	Hípica Rioplatense Argentina SA*			1.092
Encarnación Martínez Sampedro	Iberargen SA*			2.184

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Encarnación Martínez Sampedro	Interjuegos S.A. *			2.184
Encarnación Martínez Sampedro	Intermar Bingos S.A.*			1.747
Encarnación Martínez Sampedro	Itapoan S.A.*			1.786
Encarnación Martínez Sampedro	San Jaime S.A.*			2.184
Encarnación Martínez Sampedro	Codere Brasil Ltda*			2.184
Encarnación Martínez Sampedro	Codere Chile Ltda*			2.184
Encarnación Martínez Sampedro	Bingos Codere SA*			2.184
Encarnación Martínez Sampedro	Codere Colombia SA*			2.184
Encarnación Martínez Sampedro	Intersare SA*			1.308
Encarnación Martínez Sampedro	Codere Asesoría SA*	Administrador Solidario		2.069
Encarnación Martínez Sampedro	Codere Barcelona SA*	Administrador Único		2.184
Encarnación Martínez Sampedro	Automáticos Leman SL*			0.295
Encarnación Martínez Sampedro	Automáticos Mendoza SL*	Administrador Mancomunado		1.092
Encarnación Martínez Sampedro	C-F8 S.L.*	Administrador Solidario		1.638
Encarnación Martínez Sampedro	Cartaya SA*	Administrador Único		2.184
Encarnación Martínez Sampedro	Codere América SL*	Administrador Solidario		2.184
Encarnación Martínez Sampedro	Codere Apuestas España SL*	Administrador Único		2.184
Encarnación Martínez Sampedro	Codere Apuestas SA*	Administrador Único		2.184
Encarnación Martínez Sampedro	Codere Apuestas Navarra SAU*	Administrador Único		2.184
Encarnación Martínez Sampedro	Codere Apuestas Valencia SAU	Administrador Único		2.184
Encarnación Martínez Sampedro	Codere Apuestas Aragón S.L.U.	Administrador Único		2.184
Encarnación Martínez Sampedro	Codere Distribuciones SL*	Administrador Solidario		2.184
Encarnación Martínez Sampedro	Codere España SL*	Administrador Solidario		2.184
Encarnación Martínez Sampedro	Codere Gandía SL*	Presidente Consejo		1.092
Encarnación Martínez Sampedro	Codere Girona SA*	Administrador Solidario		1.456
Encarnación Martínez Sampedro	Codere Guadalajara SA*	Secretaria Consejo		1.092
Encarnación Martínez Sampedro	Codere Huesca SL*			1.114
Encarnación Martínez Sampedro	Codere Interactiva SL*			1.966
Encarnación Martínez Sampedro	Codere Internacional SL*	Administrador Solidario		2.184
Encarnación Martínez Sampedro	Codere Logroño SL*			1.639
Encarnación Martínez Sampedro	Codere Madrid SA*	Administrador Único		2.184
Encarnación Martínez Sampedro	Codere Navarra SL*			1.092
Encarnación Martínez Sampedro	Codere Valencia SA*	Administrador Solidario		2.069
Encarnación Martínez Sampedro	Codere Online SAU	Administrador Único		2.184
Encarnación Martínez Sampedro	Colonder SA*	Administrador Solidario		2.184

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Encarnación Martínez Sampedro	Desarrollo Online Juegos Regulados SA*			2.184
Encarnación Martínez Sampedro	El Portalón SL*	Administrador Mancomunado		1.092
Encarnación Martínez Sampedro	Garaipen Victoria Apustuak SL*			1.61
Encarnación Martínez Sampedro	Gistra SL*			1.034
Encarnación Martínez Sampedro	J.M.Quero S.A.*			2.184
Encarnación Martínez Sampedro	JPVMatic 2005 S.L.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Juego de Bingo S.A.*			2.184
Encarnación Martínez Sampedro	Misuri S.A.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Nididem S.L.*	Administrador Solidario		2.184
Encarnación Martínez Sampedro	Oper Sherka S.L.*			1.114
Encarnación Martínez Sampedro	Operibérica S.A.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Operoeste S.A.*	Administrador Solidario		1.092
Encarnación Martínez Sampedro	Primer Continente SL*			1.092
Encarnación Martínez Sampedro	Recreativos ACR. S.L.*			1.092
Encarnación Martínez Sampedro	Recreativos Castellanos del Azar SL*			0.437
Encarnación Martínez Sampedro	Recreativos Mae. S.L.*	Administrador Solidario		2.184
Encarnación Martínez Sampedro	Recreativos Obelisco S.L.*	Presidente Consejo		1.324
Encarnación Martínez Sampedro	Recreativos Populares S.L.*	Administrador Mancomunado		1.638
Encarnación Martínez Sampedro	Recreativos Ruan S.A.*			1.034
Encarnación Martínez Sampedro	Red Aeam S.A.*	Administrador Solidario		2.184
Encarnación Martínez Sampedro	Resti y Cia. S.L.*	Administrador Mancomunado		1.092
Encarnación Martínez Sampedro	Resur Cadiz S.L.*			1.092
Encarnación Martínez Sampedro	Rospay. S.L.*			1.092
Encarnación Martínez Sampedro	Sigirec S.L.*	Presidente Consejo		1.639
Encarnación Martínez Sampedro	Super Pik S.L.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Codere Interactive Inc			2.184
Encarnación Martínez Sampedro	Bingo Oasis S.R.L.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Bingo Re S.R.L.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Bintegral S.P.A.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Codematica SRL.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Codere Gaming Italia SRL.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Codere Italia SPA.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Codestrada SRL.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Cristaltec SRL*			1.114
Encarnación Martínez Sampedro	FG Slot Service SRL*			1.201

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Encarnación Martínez Sampedro	Formula Bingo Spa*			0.36
Encarnación Martínez Sampedro	Formula Giochi Spa in liquidazione*			0.83
Encarnación Martínez Sampedro	Gaming New SRL.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Gaming Service SRL			1.638
Encarnación Martínez Sampedro	Gaming Re SRL			1.638
Encarnación Martínez Sampedro	Gap Games SRL			1.114
Encarnación Martínez Sampedro	Gestioni Marconi S.R.L.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Giomax S.R.L.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Immobilgest S.R.L.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Maxibingo S.R.L.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Operbingo Italia S.P.A.*	Presidente Consejo		2.184
Encarnación Martínez Sampedro	Opergames S.R.L.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Opergiochi Italia SRL.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Operinvestments S.R.L.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Operslots S.R.L.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Palace Bingo . SRL*	Administrador Único		2.184
Encarnación Martínez Sampedro	Parisienne. SRL*	Administrador Único		2.184
Encarnación Martínez Sampedro	Codere Network SPA*	Presidente Consejo		2.184
Encarnación Martínez Sampedro	Seven Cora. SRL.*			1.31
Encarnación Martínez Sampedro	Vasa & Azzena Service S.R.L.*			1.114
Encarnación Martínez Sampedro	Vegas S.R.L.*	Administrador Único		2.184
Encarnación Martínez Sampedro	Winner Bet. SRL*	Administrador Único		2.184
Encarnación Martínez Sampedro	Codere Interattiva Italia SRL*	Administrador Único		2.077
Encarnación Martínez Sampedro	King Bingo SRL*			1.638
Encarnación Martínez Sampedro	King Slot SRL*			1.638
Encarnación Martínez Sampedro	Codere Finance (Luxembourg). S.A.*			2.184
Encarnación Martínez Sampedro	Administradora Mexicana de Hipódromo S.A. C.V.*			1.07
Encarnación Martínez Sampedro	Calle Entretenimiento las Américas SA CV*			1.07
Encarnación Martínez Sampedro	Centro Convenciones las *Américas. S.A. DE C.V.			1.07
Encarnación Martínez Sampedro	Codere México S.A.*			2.184
Encarnación Martínez Sampedro	Entretenimiento Recreativo S.A.*			1.07
Encarnación Martínez Sampedro	Entretenimiento Virtual. S.A. DE C.V.*			1.07
Encarnación Martínez Sampedro	Grupo Inverjuego. S.A.*			1.47
Encarnación Martínez Sampedro	Hotel entretenimiento las Américas SA CV*			1.07
Encarnación Martínez Sampedro	Impulsora Centros de Entretenimiento las Américas SA CV*			1.07

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Encarnación Martínez Sampedro	Impulsora Recreativa Entretenimiento AMH SA CV*			1.016
Encarnación Martínez Sampedro	Juegamax de las Américas SA DE CV *			0.544
Encarnación Martínez Sampedro	Mio Games S.A. C.V.*			1.47
Encarnación Martínez Sampedro	Promociones Recreativas Mexicanas S.A. DE CV SOFOM ENR*			2.184
Encarnación Martínez Sampedro	Promojuegos de Mexico. S.A.*			1.47
Encarnación Martínez Sampedro	Recreativos Codere S.A. DE C.V.*			2.184
Encarnación Martínez Sampedro	Recreativos Marina. S.A.*			1.136
Encarnación Martínez Sampedro	Servicios Compartidos en Factor Humano SA CV *			1.07
Encarnación Martínez Sampedro	Servicios Administrativos Hipódromo. S.A. C.V.*			1.07
Encarnación Martínez Sampedro	Coomercializadora Sortijuegos. S.A. DE C.V.*			1.07
Encarnación Martínez Sampedro	Grupo Caliente SAPI de CV			1.47
Encarnación Martínez Sampedro	Jomaharho SAPI de CV			1.47
Encarnación Martínez Sampedro	Libros Foráneos SA de CV			1.47
Encarnación Martínez Sampedro	Operadora Cantabria SA de CV			1.469
Encarnación Martínez Sampedro	Operadora de Espectáculos Deportivos SA de CV			1.47
Encarnación Martínez Sampedro	Carrasco Nobile S.A.B DE C.V.*			1.114
Encarnación Martínez Sampedro	Alta Cordillera. S.A.*			2.184
Encarnación Martínez Sampedro	Codere Panamá. S.A.*			2.184
Encarnación Martínez Sampedro	Compañía de Recreativos de Panamá SA*			2.184
Encarnación Martínez Sampedro	Hípica de Panamá. S.A.*			1.966
Encarnación Martínez Sampedro	International Thunderbird Gaming Panama CORP.*			1.39
Encarnación Martínez Sampedro	Codere Puerto Rico INC.*			2.184
Encarnación Martínez Sampedro	Codere Uruguay S.A.*			2.184
Encarnación Martínez Sampedro	Hípica Rioplatense Uruguay S.A.*			1.092
Joseph Zappala	Tucson Greyhound Park	Chairman	80	
Joseph Zappala	Bingos del Oeste SA*			0.506
Joseph Zappala	Bingos Platenses SA*			0.506
Joseph Zappala	Codere Argentina SA*			0.506
Joseph Zappala	Hípica Rioplatense Argentina SA*			0.253
Joseph Zappala	Iberargen SA*			0.506
Joseph Zappala	Interbas S.A.*			0.506
Joseph Zappala	Interjuegos S.A. *			0.506
Joseph Zappala	Intermar Bingos S.A.*			0.405
Joseph Zappala	Itapoan S.A.*			0.414
Joseph Zappala	San Jaime S.A.*			0.506

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Joseph Zappala	Bingos Codere SA*			0.506
Joseph Zappala	Codere Colombia SA*			0.506
Joseph Zappala	Intersare SA*			0.303
Joseph Zappala	Codere Asesoría SA*			0.479
Joseph Zappala	Codere Barcelona SA*			0.506
Joseph Zappala	Automáticos Leman SL*			0.068
Joseph Zappala	Automáticos Mendoza SL*			0.253
Joseph Zappala	C-F8 S.L.*	Administrador Solidario		0.38
Joseph Zappala	Cartaya SA*			0.506
Joseph Zappala	Codere América SL*	Administrador Solidario		0.506
Joseph Zappala	Codere Apuestas España SL*			0.506
Joseph Zappala	Codere Apuestas SA*			0.506
Joseph Zappala	Codere Apuestas Navarra SAU*			0.506
Joseph Zappala	Codere Apuestas Valencia SAU			0.506
Joseph Zappala	Codere Apuestas Aragón S.L.U.			0.506
Joseph Zappala	Codere Distribuciones SL*	Administrador Solidario		0.506
Joseph Zappala	Codere España SL*	Administrador Solidario		0.506
Joseph Zappala	Codere Gandía SL*			0.253
Joseph Zappala	Codere Girona SA*			0.337
Joseph Zappala	Codere Guadalajara SA*			0.253
Joseph Zappala	Codere Huesca SL*			0.258
Joseph Zappala	Codere Interactiva SL*	Presidente Consejo		0.455
Joseph Zappala	Codere Internacional SL*	Administrador Solidario		0.506
Joseph Zappala	Codere Logroño SL*			0.38
Joseph Zappala	Codere Madrid SA*			0.506
Joseph Zappala	Codere Navarra SL*			0.253
Joseph Zappala	Codere Valencia SA*			0.479
Joseph Zappala	Codere Online SAU			0.506
Joseph Zappala	Colonder SA*	Administrador Solidario		0.506
Joseph Zappala	Comercial Yontxa SA*			0.258
Joseph Zappala	Desarrollo Online Juegos Regulados SA*			0.506
Joseph Zappala	El Portalón SL*			0.253
Joseph Zappala	Garaipen Victoria Apustuak SL*			0.373
Joseph Zappala	Gistra SL*			0.24
Joseph Zappala	J.M.Quero S.A.*			0.506

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Joseph Zappala	Misuri S.A.*			0.506
Joseph Zappala	Nididem S.L.*	Administrador Solidario		0.506
Joseph Zappala	Oper Sherka S.L.*			0.258
Joseph Zappala	Operibérica S.A.*			0.506
Joseph Zappala	Operoeste S.A.*			0.253
Joseph Zappala	Primer Continente SL*			0.253
Joseph Zappala	Recreativos ACR. S.L.*			0.253
Joseph Zappala	Recreativos Castellanos del Azar SL*			0.101
Joseph Zappala	Recreativos Mae. S.L.*			0.506
Joseph Zappala	Recreativos Obelisco S.L.*			0.307
Joseph Zappala	Recreativos Populares S.L.*			0.38
Joseph Zappala	Recreativos Ruan S.A.*			0.24
Joseph Zappala	Red Aeam S.A.*			0.506
Joseph Zappala	Resti y Cia. S.L.*			0.253
Joseph Zappala	Resur Cadiz S.L.*			0.253
Joseph Zappala	Rospay. S.L.*			0.253
Joseph Zappala	Sigirec S.L.*			0.38
Joseph Zappala	Super Pik S.L.*			0.506
Joseph Zappala	Codere Interactive Inc			0.506
Joseph Zappala	Bingo Oasis S.R.L.*			0.506
Joseph Zappala	Bingo Re S.R.L.*			0.506
Joseph Zappala	Bintegral S.P.A.*			0.506
Joseph Zappala	Codematica SRL.*			0.506
Joseph Zappala	Codere Gaming Italia SRL.*			0.506
Joseph Zappala	Codere Italia SPA.*			0.506
Joseph Zappala	Codestrada SRL.*			0.506
Joseph Zappala	Cristaltec SRL*			0.258
Joseph Zappala	FG Slot Service SRL*			0.278
Joseph Zappala	Formula Bingo Spa*			0
Joseph Zappala	Formula Giochi Spa in liquidazione*			0.016
Joseph Zappala	Gaming New SRL.*			0.506
Joseph Zappala	Gaming Service SRL			0.38
Joseph Zappala	Gaming Re SRL			0.38
Joseph Zappala	Gap Games SRL			0.258
Joseph Zappala	Gestioni Marconi S.R.L.*			0.506

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Joseph Zappala	Maxibingo S.R.L.*			0.506
Joseph Zappala	Operbingo Italia S.P.A.*			0.506
Joseph Zappala	Opergames S.R.L.*			0.506
Joseph Zappala	Opergiochi Italia SRL*			0.506
Joseph Zappala	Operinvestments S.R.L.*			0.506
Joseph Zappala	Operslots S.R.L.*			0.506
Joseph Zappala	Palace Bingo . SRL*			0.506
Joseph Zappala	Parisienne. SRL*			0.506
Joseph Zappala	Codere Network SPA*			0.506
Joseph Zappala	Seven Cora. SRL.*			0.304
Joseph Zappala	Vasa & Azzena Service S.R.L.*			0.258
Joseph Zappala	Vegas S.R.L.*			0.506
Joseph Zappala	Winner Bet. SRL*			0.506
Joseph Zappala	Codere Interattiva Italia SRL*			0.481
Joseph Zappala	King Bingo SRL*			0.38
Joseph Zappala	King Slot SRL*			0.38
Joseph Zappala	Codere Finance (Luxembourg). S.A.*			0.506
Joseph Zappala	Administradora Mexicana de Hipódromo S.A. C.V.*	Consejero Propietario		0.248
Joseph Zappala	Calle Entretenimiento las Américas SA CV*			0.248
Joseph Zappala	Centro Convenciones las *Américas. S.A. DE C.V.			0.248
Joseph Zappala	Codere México S.A.*			0.506
Joseph Zappala	Entretenimiento Recreativo S.A.*	Consejero Propietario		0.248
Joseph Zappala	Entretenimiento Virtual. S.A. DE C.V.*			0.248
Joseph Zappala	Grupo Inverjuego. S.A.*			0.341
Joseph Zappala	Hotel entretenimiento las Américas SA CV*	Consejero		0.248
Joseph Zappala	Impulsora Centros de Entretenimiento las Américas SA CV*	Consejero Propietario		0.248
Joseph Zappala	Impulsora Recreativa Entretenimiento AMH SA CV*			0.235
Joseph Zappala	Juegamax de las Américas SA DE CV *			0.126
Joseph Zappala	Mio Games S.A. C.V.*			0.341
Joseph Zappala	Promociones Recreativas Mexicanas S.A. DE CV SOFOM ENR*			0.506
Joseph Zappala	Promojuegos de Mexico. S.A.*			0.341
Joseph Zappala	Recreativos Codere S.A. DE C.V.*			0.506
Joseph Zappala	Recreativos Marina. S.A.*			0.263
Joseph Zappala	Servicios Compartidos en Factor Humano SA CV *			0.248
Joseph Zappala	Servicios Administrativos Hipódromo. S.A. C.V.*			0.248

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Joseph Zappala	Libros Foráneos SA de CV			0.34
Joseph Zappala	Operadora Cantabria SA de CV			0.34
Joseph Zappala	Operadora de Espectáculos Deportivos SA de CV			0.341
Joseph Zappala	Carrasco Nobile S.A.B DE C.V*			0.258
Joseph Zappala	Alta Cordillera. S.A.*			0.506
Joseph Zappala	Codere Panamá. S.A.*			0.506
Joseph Zappala	Compañía de Recreativos de Panamá SA*			0.506
Joseph Zappala	Hípica de Panamá. S.A.*			0.455
Joseph Zappala	International Thunderbird Gaming Panama CORP.*			0.322
Joseph Zappala	Codere Puerto Rico INC.*			0.506
Joseph Zappala	Codere Uruguay S.A.*			0.506
Joseph Zappala	Hípica Rioplatense Uruguay S.A.*			0.253
José Ramón Romero Rodríguez	Bingos del Oeste SA*			0.091
José Ramón Romero Rodríguez	Bingos Platenses SA*			0.091
José Ramón Romero Rodríguez	Codere Argentina SA*			0.091
José Ramón Romero Rodríguez	Hípica Rioplatense Argentina SA*			0.046
José Ramón Romero Rodríguez	Iberargen SA*			0.091
José Ramón Romero Rodríguez	Interbas S.A.*			0.091
José Ramón Romero Rodríguez	Interjuegos S.A. *			0.091
José Ramón Romero Rodríguez	Intermar Bingos S.A.*			0.073
José Ramón Romero Rodríguez	Itapoan S.A.*			0.074
José Ramón Romero Rodríguez	San Jaime S.A.*			0.091
José Ramón Romero Rodríguez	Codere Brasil Ltda*			0.091
José Ramón Romero Rodríguez	Codere Chile Ltda*			0.091
José Ramón Romero Rodríguez	Bingos Codere SA*			0.091
José Ramón Romero Rodríguez	Codere Colombia SA*			0.091
José Ramón Romero Rodríguez	Intersare SA*			0.054
José Ramón Romero Rodríguez	Codere Asesoría SA*			0.086
José Ramón Romero Rodríguez	Codere Barcelona SA*			0.091
José Ramón Romero Rodríguez	Automáticos Leman SL*			0.012
José Ramón Romero Rodríguez	Automáticos Mendoza SL*			0.046
José Ramón Romero Rodríguez	C-F8 S.L.*			0.068
José Ramón Romero Rodríguez	Cartaya SA*			0.091
José Ramón Romero Rodríguez	Codere América SL*			0.091
José Ramón Romero Rodríguez	Codere Apuestas España SL*			0.091

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
José Ramón Romero Rodríguez	Codere Apuestas Navarra SAU*			0.091
José Ramón Romero Rodríguez	Codere Apuestas Valencia SAU			0.091
José Ramón Romero Rodríguez	Codere Apuestas Aragón S.L.U			0.091
José Ramón Romero Rodríguez	Codere Distribuciones SL*			0.091
José Ramón Romero Rodríguez	Codere España SL*			0.091
José Ramón Romero Rodríguez	Codere Gandía SL*			0.046
José Ramón Romero Rodríguez	Codere Girona SA*			0.061
José Ramón Romero Rodríguez	Codere Guadalajara SA*			0.046
José Ramón Romero Rodríguez	Codere Huesca SL*			0.046
José Ramón Romero Rodríguez	Codere Interactiva SL*			0.082
José Ramón Romero Rodríguez	Codere Internacional SL*			0.091
José Ramón Romero Rodríguez	Codere Logroño SL*			0.068
José Ramón Romero Rodríguez	Codere Madrid SA*			0.091
José Ramón Romero Rodríguez	Codere Navarra SL*			0.046
José Ramón Romero Rodríguez	Codere Valencia SA*			0.086
José Ramón Romero Rodríguez	Codere Online SAU			0.091
José Ramón Romero Rodríguez	Colonder SA*			0.091
José Ramón Romero Rodríguez	Comercial Yontxa SA*			0.046
José Ramón Romero Rodríguez	Desarrollo Online Juegos Regulados SA*			0.091
José Ramón Romero Rodríguez	El Portalón SL*			0.046
José Ramón Romero Rodríguez	Garaipen Victoria Apustuak SL*			0.067
José Ramón Romero Rodríguez	Gistra SL*			0.043
José Ramón Romero Rodríguez	J.M.Quero S.A.*			0.091
José Ramón Romero Rodríguez	JPVMatic 2005 S.L.*			0.091
José Ramón Romero Rodríguez	Juego de Bingo S.A.*			0.091
José Ramón Romero Rodríguez	Misuri S.A.*			0.091
José Ramón Romero Rodríguez	Nididem S.L.*			0.091
José Ramón Romero Rodríguez	Oper Sherka S.L.*			0.046
José Ramón Romero Rodríguez	Operibérica S.A.*			0.091
José Ramón Romero Rodríguez	Operoeste S.A.*			0.046
José Ramón Romero Rodríguez	Primer Continente SL*			0.046
José Ramón Romero Rodríguez	Recreativos ACR. S.L.*			0.046
José Ramón Romero Rodríguez	Recreativos Castellanos del Azar SL			0.018
José Ramón Romero Rodríguez	Recreativos Mae. S.L.*			0.091
José Ramón Romero Rodríguez	Recreativos Obelisco S.L.*			0.055

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
José Ramón Romero Rodríguez	Recreativos Ruan S.A.*			0.043
José Ramón Romero Rodríguez	Red Aeam S.A.*			0.091
José Ramón Romero Rodríguez	Resti y Cia. S.L.*			0.046
José Ramón Romero Rodríguez	Resur Cádiz S.L.*			0.046
José Ramón Romero Rodríguez	Rospay. S.L.*			0.046
José Ramón Romero Rodríguez	Sigirec S.L.*			0.068
José Ramón Romero Rodríguez	Super Pik S.L.*			0.091
José Ramón Romero Rodríguez	Codere Interactive Inc			0.091
José Ramón Romero Rodríguez	Bingo Oasis S.R.L.*			0.091
José Ramón Romero Rodríguez	Bingo Re S.R.L.*			0.091
José Ramón Romero Rodríguez	Bintegral S.P.A.*			0.091
José Ramón Romero Rodríguez	Codematica SRL.*			0.091
José Ramón Romero Rodríguez	Codere Gaming Italia SRL.*			0.091
José Ramón Romero Rodríguez	Codere Italia SPA.*			0.091
José Ramón Romero Rodríguez	Codestrada SRL.*			0.091
José Ramón Romero Rodríguez	Cristaltec SRL*			0.046
José Ramón Romero Rodríguez	FG Slot Service SRL*			0.05
José Ramón Romero Rodríguez	Formula Bingo Spa*			0
José Ramón Romero Rodríguez	Formula Giochi Spa in liquidazione*			0.003
José Ramón Romero Rodríguez	Gaming New SRL.*			0.091
José Ramón Romero Rodríguez	Gaming Service SRL			0.068
José Ramón Romero Rodríguez	Gaming Re SRL			0.068
José Ramón Romero Rodríguez	Gap Games SRL			0.046
José Ramón Romero Rodríguez	Gestioni Marconi S.R.L.*			0.091
José Ramón Romero Rodríguez	Giomax S.R.L.*			0.091
José Ramón Romero Rodríguez	Immobilgest S.R.L.*			0.091
José Ramón Romero Rodríguez	Maxibingo S.R.L.*			0.091
José Ramón Romero Rodríguez	Operbingo Italia S.P.A.*			0.091
José Ramón Romero Rodríguez	Opergames S.R.L.*			0.091
José Ramón Romero Rodríguez	Opergiochi Italia SRL.*			0.091
José Ramón Romero Rodríguez	Operinvestments S.R.L.*			0.091
José Ramón Romero Rodríguez	Operslots S.R.L.*			0.091
José Ramón Romero Rodríguez	Palace Bingo . SRL*			0.091
José Ramón Romero Rodríguez	Parisienne. SRL*			0.091
José Ramón Romero Rodríguez	Codere Network SPA*			0.091

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
José Ramón Romero Rodríguez	Vasa e Azzena Service S.R.L.*			0.046
José Ramón Romero Rodríguez	Vegas S.R.L.*			0.091
José Ramón Romero Rodríguez	Winner Bet. SRL*			0.091
José Ramón Romero Rodríguez	Codere Interattiva Italia SRL*			0.087
José Ramón Romero Rodríguez	King Bingo SRL*			0.068
José Ramón Romero Rodríguez	Kiing Slot SRL*			0.068
José Ramón Romero Rodríguez	Codere Finance (Luxembourg). S.A.*			0.091
José Ramón Romero Rodríguez	Administradora Mexicana de Hipódromo S.A. C.V.*	Consejero Propietario		0.045
José Ramón Romero Rodríguez	Calle Entretenimiento las Américas SA CV*			0.045
José Ramón Romero Rodríguez	Centro Convenciones las *Américas. S.A. DE C.V.			0.045
José Ramón Romero Rodríguez	Codere México S.A.*			0.091
José Ramón Romero Rodríguez	Entretenimiento Recreativo S.A.*	Consejero Propietario		0.045
José Ramón Romero Rodríguez	Entretenimiento Virtual. S.A. DE C.V.*			0.045
José Ramón Romero Rodríguez	Grupo Inverjuego. S.A.*			0.061
José Ramón Romero Rodríguez	Hotel entretenimiento las Américas SA CV*	Consejero		0.045
José Ramón Romero Rodríguez	Impulsora Centros de Entretenimiento las Américas SA CV*	Consejero Propietario		0.045
José Ramón Romero Rodríguez	Impulsora Recreativa Entretenimiento AMH SA CV*			0.042
José Ramón Romero Rodríguez	Juegamax de las Américas SA DE CV *			0.023
José Ramón Romero Rodríguez	Mio Games S.A. C.V.*			0.061
José Ramón Romero Rodríguez	Promociones Recreativas Mexicanas S.A. DE CV SOFOM ENR*			0.091
José Ramón Romero Rodríguez	Promojuegos de México. S.A.*			0.061
José Ramón Romero Rodríguez	Recreativos Codere S.A. DE C.V.*			0.091
José Ramón Romero Rodríguez	Recreativos Marina. S.A.*			0.047
José Ramón Romero Rodríguez	Servicios Compartidos en Factor Humano SA CV *			0.045
José Ramón Romero Rodríguez	Servicios Administrativos Hipódromo. S.A. C.V.*			0.045
José Ramón Romero Rodríguez	Comercializadora Sortijuegos. S.A. DE C.V.*			0.045
José Ramón Romero Rodríguez	Grupo Caliente SAPI de CV			0.061
José Ramón Romero Rodríguez	Jomaharho SAPI de CV			0.061
José Ramón Romero Rodríguez	Libros foraneos SA de CV			0.061
José Ramón Romero Rodríguez	Operadora Cantabria SA de CV			0.061
José Ramón Romero Rodríguez	Operadora de Espectaculos Deportivos SA de CV			0.061
José Ramón Romero Rodríguez	Carrasco Nobile S.A.B DE C.V.*			0.046
José Ramón Romero Rodríguez	Alta Cordillera. S.A.*			0.091
José Ramón Romero Rodríguez	Codere Panamá. S.A.*			0.091
José Ramón Romero Rodríguez	Compañía de Recreativos de Panamá SA*			0.091

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
José Ramón Romero Rodríguez	International Thunderbird Gaming Panama CORP.*			0.058
José Ramón Romero Rodríguez	Codere Puerto Rico INC.*			0.091
José Ramón Romero Rodríguez	Codere Uruguay S.A.*			0.091
José Ramón Romero Rodríguez	Hípica Rioplatense Uruguay S.A.*			0.046
Carmen Ferrer Palasi	Bingos del Oeste SA*			0.038
Carmen Ferrer Palasi	Bingos Platenses SA*			0.038
Carmen Ferrer Palasi	Codere Argentina SA*			0.038
Carmen Ferrer Palasi	Hípica Rioplatense Argentina SA*			0.019
Carmen Ferrer Palasi	Iberargen SA*			0.038
Carmen Ferrer Palasi	Interbas S.A.*			0.038
Carmen Ferrer Palasi	Interjuegos S.A. *			0.038
Carmen Ferrer Palasi	Intermar Bingos S.A.*			0.03
Carmen Ferrer Palasi	Itapoan S.A.*			0.031
Carmen Ferrer Palasi	Nanos S.A.*			0.038
Carmen Ferrer Palasi	San Jaime S.A.*			0.038
Carmen Ferrer Palasi	Codere Brasil Ltda*			0.038
Carmen Ferrer Palasi	Codere Chile Ltda*			0.038
Carmen Ferrer Palasi	Bingos Codere SA*			0.038
Carmen Ferrer Palasi	Codere Colombia SA*			0.038
Carmen Ferrer Palasi	Intersare SA*			0.023
Carmen Ferrer Palasi	Codere Asesoría SA*			0.036
Carmen Ferrer Palasi	Codere Barcelona SA*			0.038
Carmen Ferrer Palasi	Automáticos Leman SL*			0.005
Carmen Ferrer Palasi	Automáticos Mendoza SL*			0.019
Carmen Ferrer Palasi	C-F8 S.L.*			0.029
Carmen Ferrer Palasi	Cartaya SA*			0.038
Carmen Ferrer Palasi	Codere América SL*			0.038
Carmen Ferrer Palasi	Codere Apuestas España SL*			0.038
Carmen Ferrer Palasi	Codere Apuestas SA*			0.038
Carmen Ferrer Palasi	Codere Apuestas Navarra SAU*			0.038
Carmen Ferrer Palasi	Codere Distribuciones SL*			0.038
Carmen Ferrer Palasi	Codere España SL*			0.038
Carmen Ferrer Palasi	Codere Gandía SL*			0.019
Carmen Ferrer Palasi Carmen Ferrer Palasi	Codere Girona SA*			0.025
Carmen Ferrer Palasi	Codere Guadalajara SA*			0.019

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Carmen Ferrer Palasi	Codere Huesca SL*			0.019
Carmen Ferrer Palasi	Codere Interactiva SL*			0.034
Carmen Ferrer Palasi	Codere Internacional SL*			0.038
Carmen Ferrer Palasi	Codere Logroño SL*			0.029
Carmen Ferrer Palasi	Codere Madrid SA*			0.038
Carmen Ferrer Palasi	Codere Navarra SL*			0.019
Carmen Ferrer Palasi	Codere Valencia SA*			0.036
Carmen Ferrer Palasi	Colonder SA*			0.038
Carmen Ferrer Palasi	Comercial Yontxa SA*			0.019
Carmen Ferrer Palasi	Desarrollo Online Juegos Regulados SA*			0.032
Carmen Ferrer Palasi	El Portalón SL*			0.019
Carmen Ferrer Palasi	Garaipen Victoria Apustuak SL*			0.028
Carmen Ferrer Palasi	Gistra SL*			0.018
Carmen Ferrer Palasi	J.M.Quero S.A.*			0.038
Carmen Ferrer Palasi	JPVMatic 2005 S.L.*			0.038
Carmen Ferrer Palasi	Juego de Bingo S.A.*			0.038
Carmen Ferrer Palasi	Mepe. S.A.*			0.019
Carmen Ferrer Palasi	Misuri S.A.*			0.038
Carmen Ferrer Palasi	Nididem S.L.*			0.038
Carmen Ferrer Palasi	Oper Sherka S.L.*			0.019
Carmen Ferrer Palasi	Operibérica S.A.*			0.038
Carmen Ferrer Palasi	Operoeste S.A.*			0.019
Carmen Ferrer Palasi	Primer Continente SL*			0.019
Carmen Ferrer Palasi	Recreativos ACR. S.L.*			0.019
Carmen Ferrer Palasi	Recreativos Cósmicos. S.L.*			0.038
Carmen Ferrer Palasi	Recreativos Mae. S.L.*			0.038
Carmen Ferrer Palasi	Recreativos Obelisco S.L.*			0.023
Carmen Ferrer Palasi	Recreativos Populares S.L.*			0.029
Carmen Ferrer Palasi	Recreativos Ruan S.A.*			0.018
Carmen Ferrer Palasi	Red Aeam S.A.*			0.038
Carmen Ferrer Palasi	Resti y Cia. S.L.*			0.019
Carmen Ferrer Palasi	Resur Cádiz S.L.*			0.019
Carmen Ferrer Palasi	Rospay. S.L.*			0.019
Carmen Ferrer Palasi	Sigirec S.L.*			0.029
Carmen Ferrer Palasi	Super Pik S.L.*			0.029

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Carmen Ferrer Palasi	Bintegral S.P.A.*			0.038
Carmen Ferrer Palasi	Codematica SRL.*			0.038
Carmen Ferrer Palasi	Codere Gaming Italia SRL.*			0.038
Carmen Ferrer Palasi	Codere Italia SPA.*			0.038
Carmen Ferrer Palasi	Codestrada SRL.*			0.038
Carmen Ferrer Palasi	Cristaltec SRL*			0.019
Carmen Ferrer Palasi	FG Slot Service SRL*			0.021
Carmen Ferrer Palasi	Formula Bingo Spa*			0.001
Carmen Ferrer Palasi	Formula Giochi Spa in liquidazione*			0.001
Carmen Ferrer Palasi	Gaming New SRL.*			0.038
Carmen Ferrer Palasi	Gestioni Marconi S.R.L.*			0.038
Carmen Ferrer Palasi	Giomax S.R.L.*			0.038
Carmen Ferrer Palasi	Immobilgest S.R.L.*			0.038
Carmen Ferrer Palasi	Maxibingo S.R.L.*			0.038
Carmen Ferrer Palasi	Operbingo Italia S.P.A.*			0.038
Carmen Ferrer Palasi	Opergames S.R.L.*			0.038
Carmen Ferrer Palasi	Opergiochi Italia SRL.*			0.038
Carmen Ferrer Palasi	Operinvestments S.R.L.*			0.038
Carmen Ferrer Palasi	Operslots S.R.L.*			0.038
Carmen Ferrer Palasi	Palace Bingo . SRL*			0.038
Carmen Ferrer Palasi	Parisienn. SRL*			0.038
Carmen Ferrer Palasi	Codere Network SPA*			0.038
Carmen Ferrer Palasi	Seven Cora. SRL.*			0.023
Carmen Ferrer Palasi	Vasa e Azzena Service S.R.L.*			0.019
Carmen Ferrer Palasi	Vegas S.R.L.*			0.038
Carmen Ferrer Palasi	Winner Bet. SRL*			0.038
Carmen Ferrer Palasi	Codere Interattiva Italia SRL*			0.036
Carmen Ferrer Palasi	King Bingo SRL*			0.025
Carmen Ferrer Palasi	Kiing Slot SRL*			0.025
Carmen Ferrer Palasi	Codere Finance (Luxembourg). S.A.*			0.038
Carmen Ferrer Palasi	Administradora Mexicana de Hipódromo S.A. C.V.*			0.019
Carmen Ferrer Palasi	Calle Entretenimiento las Américas SA CV*			0.019
Carmen Ferrer Palasi	Centro Convenciones las Américas. S.A. DE C.V.*			0.019
Carmen Ferrer Palasi	Codere México S.A.*			0.038
Carmen Ferrer Palasi	Entretenimiento Recreativo S.A.*			0.019

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

DIRECTOR	COMPANY	POSITION	% DIRECT STAKE	% INDIRECT STAKE
Carmen Ferrer Palasi	Grupo Inverjuego. S.A.*			0.019
Carmen Ferrer Palasi	Hotel entretenimiento las Américas SA CV*			0.019
Carmen Ferrer Palasi	Impulsora Centros de Entretenimiento las Américas SA CV*			0.019
Carmen Ferrer Palasi	Impulsora Recreativa Entretenimiento AMH SA CV*			0.018
Carmen Ferrer Palasi	Juegamax de las Américas SA DE CV *			0.009
Carmen Ferrer Palasi	Mio Games S.A. C.V.*			0.028
Carmen Ferrer Palasi	Promociones Recreativas Mexicanas S.A. DE CV SOFOM ENR*			0.038
Carmen Ferrer Palasi	Promouegos de México. S.A.*			0.038
Carmen Ferrer Palasi	Recreativos Codere S.A. DE C.V.*			0.038
Carmen Ferrer Palasi	Recreativos Marina. S.A.*			0.02
Carmen Ferrer Palasi	Servicios Compartidos en Factor Humano SA CV *			0.019
Carmen Ferrer Palasi	Servicios Administrativos Hipódromo. S.A. C.V.*			0.019
Carmen Ferrer Palasi	Comercializadora Sortijuegos. S.A. DE C.V.*			0.019
Carmen Ferrer Palasi	Carrasco Nobile S.A.B DE C.V*			0.019
Carmen Ferrer Palasi	Alta Cordillera. S.A.*			0.038
Carmen Ferrer Palasi	Codere Panamá. S.A.*			0.038
Carmen Ferrer Palasi	Compañía de Recreativos de Panamá SA*			0.038
Carmen Ferrer Palasi	Hípica de Panamá. S.A.*			0.038
Carmen Ferrer Palasi	International Thunderbird Gaming Panama CORP.*			0.024
Carmen Ferrer Palasi	Codere Puerto Rico INC.*			0.038
Carmen Ferrer Palasi	Codere Uruguay S.A.*			0.038
Carmen Ferrer Palasi	Hípica Rioplatense Uruguay S.A.*			0.019

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousands of euros)

CONSOLIDATED DIRECTORS' REPORT FOR 2011

CODERE, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2011

Performance of the Codere Group's businesses

Earnings in Argentina and Italy continued to grow, partially offset by weak results in Spain and from part of the Group's Mexican operations.

Investments in 2011 totalled €118.7 million, compared with €141.3 million in 2010, of which €68.7 million corresponded to maintenance and €50 million to investment in growth.

Key events in the year include:

- *Acquisition of 67.3% of the Caliente Group companies*

On 7 March 2011, the Mexican Federal Competition Commission ("Cofeco") approved the terms and conditions of a framework agreement between the Caliente Group and the Codere Group to restructure their contractual relationship. The transaction agreed therein took place on 31 March 2011, and Codere acquired a 67.3% holding in the companies Jomaharho, S.A. de C.V. and Grupo Caliente, S.A. de C.V. These two companies hold 100% of the shares in a further three entities, Operadora Cantabria, S.A. de C.V., Libros Foráneos, S.A. de C.V. and Operadora de Espectáculos Deportivos, S.A. de C.V.

- *Legal dispute with Ballesteros*

On 23 September 2009, the Provincial Court of Madrid ruled in favour of the Codere Group's appeal against Mr. José Ballesteros and his spouse, ordering them to repay approximately €12 million of the €15.5 million paid for the Ballesteros operation. Said amount was repaid in December 2009. In September 2009, Codere filed an additional appeal claiming the interest accrued on this amount since the original claim was filed in March 2000. In November 2011, the Supreme Court ordered Mr. Ballesteros to pay said amount. On 22 February 2012 the parties reached an agreement stipulating the repayment of a total of €5 million of which €2 million will be paid on the formalisation of the agreement and the remaining €3 million will be paid in monthly instalments over the three years to 2015.

- *Impairment testing of assets in Spain*

Following impairment tests carried out at year end, the Group recognised a €4.1 million impairment to its assets in Spain. This impairment was principally due to reduced proceeds from Type B gaming machines and reduced sales of bingo cards in the context of the severe macro-economic crisis in Spain in recent years.

- *Issue of bonds in US dollars*

On 8 February 2012, Group subsidiary Codere Finance (Luxembourg), S.A. effected a USD 300 million bond issue with coupon of 9.25%, maturing in 2019. The funds obtained from this issue were used to finance the acquisition of 35.8% of ICELA, to repay amounts drawn on the credit line and to cover other general corporate expenses. This operation was the first stage in implementing the Codere Group's strategy of redenominating its capital structure in local currencies and US dollars, and to prepare for sale a stake in our Latin American operations.

CODERE, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2011

- *Acquisition of ICELA*

On 8 February 2012, the Group completed the purchase from CIE of a 35.8% holding in ICELA for MXN 2.65 billion (equivalent to USD 209 million or €158 million at the balance sheet date). The 35.8% stake acquired is in addition to Codere México's existing 49% holding in ICELA.

- *Legal ruling in Italy*

On 17 February 2012 the Lazio Regional Office of the Italian Court of Auditors (Corte dei Conti) issued a preliminary ruling against 10 Italian concession holders of gaming machine networks in respect of proceedings launched in 2007. A fine of €115 million, plus interest, was imposed on the Codere Group subsidiary, Codere Network S.p.A. Codere maintains that the ruling does not take into consideration numerous key points contained in the assessment carried out by Digit S.p.A, the technical assessor appointed by the Court of Auditors. Codere considers that these points, together with the legal arguments put forward by Codere Network, absolve Codere Network of any responsibility. For these reasons, among others, Codere Network will appeal said ruling. As it has always declared, Codere Network has fully complied at all times with all standards applicable to its business and operations. Execution of the sentence, and thus payment of the fine, will be suspended when Codere Network files its appeal until a ruling is obtained on said appeal. Codere Network's annual EBITDA is approximately €11 million. Codere, S.A. has presented a guarantee to the AAMS on Codere Network's account in the amount of €16 million, of which €12 million has been provisioned.

The Group's financial results

Operating income

Operating revenues increased by €247.9 million (22%) to €1.37 billion, due principally to revenue growth in Argentina (€92.2 million), Italy (€86.8 million), Mexico (€72.2 million) and Panama (€24.7 million). This growth was offset by lower revenues in Spain.

Operating expenses

Operating expenses increased by €226.1 million (22.9%) to €1.21 billion. This was due principally to higher expenses in Mexico (€89.8 million), Argentina (€63.3 million), Italy (€58.3 million), and Panama (€16.8 million), and was partially offset by a decline of €7.7 million in Spain.

Gains/(losses) on retirement of assets

Losses on retired assets in 2011 totalled €1.4 million, principally due to the non-recurrence of a €7.5 million gain recognised in 2010 as a result of the full consolidation of the sports betting business following the acquisition of a 50% stake in William Hill.

Operating profit

Operating profit in 2011 grew by €16.9 million (11.8%) to €160.6 million. The operating margin shrank from 12.8% in 2010 to 11.7% in 2011.

EBITDA

CODERE, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2011

EBITDA rose by €48.6 million (20.2%) to €289.7 million due to growth in Italy (€30.4 million), Argentina (€29.4 million) and Panama (€13.5 million), partially offset by a reduction of €22.5 million in Spain. The margin shrank from 21.4% in 2010 to 21.1% in 2011.

Financial revenues

Financial revenues grew in 2011 by €8.2 million (93.9%) to €16.9 million, compared with €8.7 million in 2010. This was principally due to the Supreme Court ruling in favour of the Codere Group in the Ballesteros case and the subsequent agreement concerning the interest due, as described above, and to the calculation of the fair value of the put option on 7% of the shares of the Joint Opcos, with no associated cash flow, partially offset by lower interest income generated from the financing conceded to the Joint Opcos following Cofeco's authorisation of the operation.

Financial expenses

Financial expenses increased by €8.5 million (10.9%) to €86.5 million, principally due to the accrued expense in respect of the €100 million bond issued in July 2010, to higher drawings on the senior credit line in the period at a higher base interest rate (Euribor), to higher finance costs on the debt assumed via the acquisition of six casinos in Panama, and to higher levels of indebtedness in the Spanish and Italian business units at higher interest rates than in 2010.

Corporate income tax

The corporate income tax expense for the year rose by €13 million (28.6%) to €58.4 million, principally due to withholdings in Mexico on intra-Group operations, to higher corporate income tax in Argentina and Italy and to the expiry of ICELA's tax loss carryforwards, partially offset by the recognition of a €3.2 million deferred tax asset conceded in Uruguay on taxable earnings there, by the effects of inflation, and by the lower profits reported in Spain.

Profit/(loss) attributable to non-controlling interests

Profit/(loss) attributable to non-controlling interests totalled €(16.4) million in 2011 compared with €2.1 million in 2010. This decline is principally attributable to the losses of the Joint Opcos as a result of declining activity levels and the weak Mexican peso, given that certain obligations, including the credit line conceded by Codere, are denominated in US dollars, and to lower profits in Spain.

Profit/(loss) attributable to the equity holders of the Parent Company

As a result of the above, profit/(loss) attributable to the Parent Company increased by €22.9 million to €52.2 million compared with €29.3 million in 2010.

CODERE, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2011

Outlook for the Group

The Group plans to continue implementing its strategy of growth in 2012. This growth, however, is likely to be offset by higher taxes in Italy, Buenos Aires Province, Panama, and some Mexican states.

In Argentina we expect to see growth through expanding machine stocks and higher average takings from machines in local currency, due to inflation, economic growth and ongoing measures to meet as yet unsatisfied demand in Buenos Aires Province. This growth is likely to be offset by the implementation of anti-smoking laws in the Province and the weakness of the Argentine peso against the US dollar, in addition to the aforementioned tax increase.

We expect to see higher average takings from machines in Mexico as refurbished gaming halls reopen, and ICELA's operations should continue to perform well. We also expect machine numbers to grow slightly.

The number of AWP and VLT machines in Italy is expected to grow, with average takings from both types of machine likely to drop slightly. Higher overall takings will be mostly offset by higher taxes.

Average takings in Spain are expected to recover as the effect of the anti-smoking laws introduced in January 2011 begins to wear off and thanks to a rationalisation of machine stocks, partially offset by higher expenses related to the sports betting business.

In other countries, we expect operations in Colombia and Uruguay to grow, mainly thanks to the opening of new casinos.

The 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 joint ventures with third parties.

See the corresponding sections in the Notes to the Annual Consolidated Accounts for a more detailed description of the Company's principal risks.

ANNUAL CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE ANNUAL REPORT

PUBLIC LISTED COMPANIES

ISSUER ID

YEAR ENDING AT: 31/12/2011

TAX ID: A-82110453

Corporate Name: CODERE, S.A.

CORPORATE GOVERNANCE ANNUAL REPORT FORM FOR PUBLIC LISTED COMPANIES

In order to better understand this form and subsequently fill in the required information, it is essential to read the instructions found at the end of the present report.

A - OWNERSHIP STRUCTURE

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

Date of most recent change	Share Capital (euros)	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:

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 voting rights (*)	% of total voting rights
NOONDAY ASSET MANAGEMENT LLP	0	2,931,415	5,326

Name of indirect shareholder	Through: Name of direct shareholder	Number of direct voting rights	% of total voting rights
NOONDAY ASSET MANAGEMENT LLP	FARALLON CAPITAL OFFSHORE INVESTORS II L.P	1,1422,286	2,076

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

Name of shareholder	Date of Transaction	Description of Transaction
NOONDAY ASSET MANAGEMENT LLP	03/01/2011	5% of the share capital has been exceeded

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 voting rights (*)	% of total voting rights
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	6,838, 261	28,259,088	63.771
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	1,202,000	0	2.184
MR. EUGENIO VELA SASTRE	0	20,718	0.038
MR. JOSEPH ZAPPALA	278,738	0	0.506
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	50,000	0	0.091
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	1,296,035	100,000	2.537

Name of indirect shareholder	Through: Name of direct shareholder	Number of direct voting rights	% of total voting rights
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MASAMPE HOLDING, B.V.	28,259,088	51.346
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	SOLGIM INVERSONES SICAV, S.A.	100,000	0.182
MR. EUGENIO VELA SASTRE	DOÑA CARMEN FERRER PALASÍ	20,718	0.038
Total % of voting rights held by the Board of Directors			69.127

Complete the following tables regarding members of the Board of Directors holding company share rights:

A.4 Indicate, if applicable, any relation, whether familial, commercial, contractual or corporate, existing between the owners of significant shareholdings, insofar as the company is aware, unless said relations are insignificant or are the result of ordinary business activity:

Type of relation:

Corporate

Brief description:

José Antonio Martínez Sampedro is the majority shareholder of Masampe Holding BV.

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

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:

Type of relation:

Corporate

Brief description:

MASAMPE HOLDING, B.V. is the maximum shareholder of the company.

Name of relation
MASAMPE HOLDING, B.V.

A.6 Indicate whether or not the company has been informed of any quasi-corporate agreement affecting it, pursuant to article 112 of the Spanish Securities Act. If so, briefly describe such pacts and list the shareholders related through the agreement:

NO

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

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:

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

Name
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Comments
José Antonio Martínez Sampedro through MASAMPE HOLDING, B.V.

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
117,522	0	0.213

(*) Through:

Total	0
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List any significant changes made during the year, pursuant to the provisions of Spanish Royal Decree 1362/2007:

Date of notification	Total direct shares	Total indirect shares	Total % of share capital
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Date of notification	Total directly acquired shares	Total indirectly acquired shares	Total % of share capital
03/10/2011	281,292	0	0.511

Gain /(Loss) on treasury stock disposed of during the period (thousands of euros)	-46
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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 9 June 2011 approved point four of the agenda, as follows:

1. Rendering null and void, in the part thereof which has not been used, the authorization for the acquisition of treasury stock granted under point five of the agenda of the General Meeting of Shareholders held on 10 June 2010, 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 acquisition price or consideration shall be the par value of the acquired treasury stock and the maximum price shall be the result of increasing by 20% the trading value at their acquisition date.

This authorization is granted for the term of eighteen months as from the date of this General Meeting, and is expressly subject to the limitation that at no time shall the par

value of the treasury stock acquired under this authorization, added to that already owned by Codere, S.A. and any of its subsidiaries, exceed the maximum permitted by Law at any given time.

It is expressly stated that this authorization may be used totally or partially for the acquisition of treasury stock to be delivered or transferred to Consultants, Senior Management, Management and workers of the Company or of companies belonging to its group, either directly or as a consequence of the exercise by the former of their option rights, all of the foregoing in the context of remuneration systems indexed to the trading value of the shares of Codere, S.A. (ART. 146.1a) of the Revised Text of the Capital Companies Act).

2. Empower the Board of Directors, in the broadest terms possible, to exercise the authorization under this resolution, and to carry out the rest of the provisions contained herein, said powers being able to be delegated by the Board of Directors to any Director, the Secretary or the Deputy-Secretary of the Board of Directors, or to any other person expressly granted power of attorney by the Board of Directors in said regard.

A.10 Indicate, if applicable, any legal or statutory restrictions in regard to the exercise of voting rights, as well as any legal restrictions on the acquisition or transfer of share capital. Indicate whether there are any legal restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights which a shareholder may exercise owing to legal restriction	0
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Indicate whether there are any statutory restrictions on the exercise of voting rights:

NO

Maximum percentage of voting rights which a shareholder may exercise owing to statutory restriction	0
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Indicate whether there are any legal restrictions on the acquisition or transfer of share capital:

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.

NO

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

B - COMPANY ADMINISTRATION STRUCTURE

B.1 Board of Directors

B.1.1 Detail the maximum and minimum number of directors provided for in the Bylaws:

Maximum number of directors	15
Minimum number of directors	4

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

Name of Director	Representative	Position on Board	Date of Initial Appointment	Date of Most Recent Appointment	Election Procedure
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	--	CHAIRMAN - CEO	07/05/1999	25/06/2009	GENERAL MEETING VOTE
MASAMPE, S.L.	FERNANDO LORENTE HURTADO	DEPUTY CHAIRMAN	07/05/2008	07/05/2008	GENERAL MEETING VOTE
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	--	DIRECTOR	17/06/1999	25/06/2009	GENERAL MEETING VOTE
MR. EUGENIO VELA SASTRE	--	DIRECTOR	17/06/1999	25/06/2009	GENERAL MEETING VOTE
MR. JOSEPH ZAPPALA	--	DIRECTOR	20/11/2002	25/06/2009	GENERAL MEETING VOTE
MR. JOSÉ IGNACIO CASES MÉNDEZ	--	DIRECTOR	17/06/1999	25/06/2009	GENERAL MEETING VOTE
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	--	DIRECTOR	17/06/1999	25/06/2009	GENERAL MEETING VOTE
MR. JUAN JOSÉ ZORNOZA PÉREZ	--	DIRECTOR	17/06/1999	25/06/2009	GENERAL MEETING VOTE
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	--	DIRECTOR	07/05/1999	25/06/2009	GENERAL MEETING VOTE

Total number of directors	9
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Indicate any resignations or dismissals from the Board of Directors produced during the period:

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

EXECUTIVE DIRECTORS

Name of director	Committee which proposed the appointment	Position in company organization chart
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CORPORTE GOVERNANCE COMMITTEE	CHAIRMAN AND CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CORPORTE GOVERNANCE COMMITTEE	DIRECTOR
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CORPORTE GOVERNANCE COMMITTEE	DIRECTOR CODERE AMERICA

Total number of executive directors	3
Total % of Board	33.333

EXTERNAL NOMINEE DIRECTORS

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

Total number of external nominee directors	3
Total % of Board	33.333

EXTERNAL INDEPENDENT DIRECTORS

Name of director:

MR. EUGENIO VELA SASTRE

Profile

Chairman of the Cosien S.A. Group

Holds a degree in Economics and Business Administration and Industrial Engineering from the Complutense University and Polytechnic University of Madrid.

Name of director:

MR. JOSEPH ZAPPALA

Profile

Former United States Ambassador to Spain 1989-1992.

President of Joseph Zappala Investments.

Name of director:

MR. JUAN JOSÉ ZORNOZA PÉREZ

Profile

Department Chair of Finance and Tax Law at the Carlos III University of Madrid.

Doctor of Law from the Madrid Autonomous University.

Total number of independent directors	3
Total % of Board	33.333

OTHER EXTERNAL DIRECTORS

State the reasons why they cannot be considered to be nominee or independent directors and any ties they have, whether with the company or its managers, or with company shareholders.

Indicate, if applicable, any changes which may have taken place during the period in regard to the type of directorship:

B.1.4 Explain, if applicable, the reasons for appointing nominee directors at the request of shareholders holding less than 5% 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.

NO

B.1.5 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:

NO

B.1.6 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 which are reserved by law or statute, and those which may not be delegated pursuant to the rules of procedure of the Board of Directors of Codere, S.A.

B.1.7 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	Corporate name of group company	Position
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	ADMINISTRADORA MEXICANA DE HIPODROMO SA DE CV	DIRECTOR OWNER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	C-F8. S.L.	JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE AMÉRICA, S.L.U.	JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE DISTRIBUCIONES, S.L.	JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE ESPAÑA, S.L.U.	JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERACTIVA, S.L.	CHAIRMAN OF THE BOARD
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL, S.L.U.	JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	COLONDER, S.A.U.	JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	ENTRETENIMIENTO RECREATIVO S.A. DE C.V.	DIRECTOR OWNER

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	HOTEL ENTRETENIMIENTO LAS AMERICAS SA DE CV	DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	IMPULSORA DE CENTROS DE ENTRETENIMIENTO DE LAS AMERICAS S.A. DE C.V.	DIRECTOR OWNER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	NIDIDEM, S.L.U.	DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	AUTOMÁTICOS MENDOZA, S.L.	JOINT DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	BINGO OASIS, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	BINGO RE, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	BINTENGRAL, S.P.A.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	C-F8. S.L.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CARTAYA, S.A.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODEMATICA, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE AMÉRICA, S.L.U.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS ARAGÓN S.L.U.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS ESPAÑA S.L.U.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS NAVARRA S.A.U.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS S.A.U.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS VALENCIA S.A.U.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ASESORÍA, S.A.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE BARCELONA, S.A.	SOLE DIRECTOR

MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE DISTRIBUCIONES, S.L.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ESPAÑA, S.L.U.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GAMING ITALIA, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GANDIA, S.A.	CHAIR OF THE BOARD
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GIRONA, S.A.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GUADALAJARA, S.A.	SECRETARY OF THE BOARD
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE INTERATTIVA ITALIA SRL	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL, S.L.U.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ITALIA, S.P.A.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE MADRID, S.A.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE NETWORK, S.P.A.	CHAIR OF THE BOARD
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ONLINE S.A.U.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE VALENCIA, S.A.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODESTRADA, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	COLONDER, S.A.U.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	EL PORTALÓN, S.L.	JOINT DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	GAMING NEW, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	GESTIONI MARCONI, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	GIOMAX, S.R.L.	SOLE DIRECTOR

MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	IMMOBILGEST, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	JPVMATIC 2005	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	MAXIBINGO, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	MISURI, S.A.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	NIDIDEM, S.L.U.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERBINGO ITALIA, S.P.A.	CHAIR OF THE BOARD
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERGAMES, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERGIOCHI ITALIA, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERIBÉRICA, S.A.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERINVESTMENTS, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERLOTS ITALIA, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPEROESTE, S.A.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	PALACE BINGO SRL	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	PARISIENNE S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RECREATIVOS MAE, S.L.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RECREATIVOS OBELISCO, S.L.	CHAIR OF THE BOARD AND DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RECREATIVOS POPULARES, S.L.	JOINT DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RED AEAM, S.A.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RESTI Y CIA., S.L.	JOINT DIRECTOR

MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	SIGIREC, S.L.	CHAIR OF THE BOARD
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	SUPERPIK, S.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	VEGAS, S.R.L.	SOLE DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	WINNER BET S.R.L.	SOLE DIRECTOR
MR. JOSE RAMÓN ROMERO RODRÍGUEZ	ADMINISTRADORA MEXICANA DE HIPODROMO SA DE CV	DIRECTOR OWNER
MR. JOSE RAMÓN ROMERO RODRÍGUEZ	CODERE INTERACTIVA S.L.	DIRECTOR
MR. JOSE RAMÓN ROMERO RODRÍGUEZ	ENTRETENIMIENTO RECREATIVO S.A. DE C.V.	DIRECTOR OWNER
MR. JOSE RAMÓN ROMERO RODRÍGUEZ	HOTEL ENTRETENIMIENTO LAS AMERICAS SA DE CV	DIRECTOR
MR. JOSE RAMÓN ROMERO RODRÍGUEZ	IMPULSORA DE CENTROS DE ENTRETENIMIENTO DE LAS AMERICAS S.A. DE C.V.	DIRECTOR OWNER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	ALTA CORDILLERA, S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE AMÉRICA, S.L.U.	JOINT AND SEVERAL DIRECTOR
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL, S.L.U.	JOINT AND SEVERAL DIRECTOR
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE MEXICO S.A. DE C.V.	TREASURER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE PANAMÁ SA	MANAGEMENT BOARD CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	COMPAÑÍA DE RECREATIVOS DE PANAMÁ, S.A.	MANAGEMENT BOARD CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	DESARROLLO ONLINE DE JUEGOS REGULADOS S.A.	CHAIRMAN OF THE BOARD AND CEO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	HÍPICA DE PANAMÁ, S.A.	MANAGEMENT BOARD CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERNATIONAL THUNDERBIRD GAMING (PANAMA) CORPORATION	CHAIRMAN OF THE BOARD

B.1.8 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:

B.1.9 Indicate, and if applicable, explain, if the company has established rules on the number of boards its directors may form part of:

YES

Explanation of the rules
Pursuant to article 4.1.b) of the Rules of Procedure of the Board of Directors of Codere SA, 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.

B.1.10 In relation to Recommendation number 8 of the Unified Code, indicate the general policies and strategies the approval of which the plenum of the Board has reserved for itself:

Investment and Financing Policy	YES
Definition of the Structure of the Group of Companies	YES
Corporate Governance Policy	YES
Corporate Social Responsibility Policy	YES
Strategic or Business Plan, as well as Management Objectives and Annual Budgets	YES
Compensation Policy and Evaluation of Senior Management Performance	YES
Risk Management and Control, as well as Periodic Monitoring of Internal Information and Control Systems	YES
Dividend Policy, as well as Treasury Stock Policy, especially the limits thereof	YES

B.1.11 Complete the following tables with respect to aggregate compensation payable to directors during the year:

a) In the company which is the subject of the present report:

Type of Compensation	Figures in thousands of euros
Fixed compensation	1,213

Variable compensation	0
Meeting attendance fees	275
Directors' Fees as stipulated in Bylaws	0
Stock options and/or other financial instruments	0
Other	0

Total	1,488
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Other Benefits	Figures in thousands of euros
Advances	0
Credits granted	0
Pension Funds and Plans: Contributions	0
Pension Funds and Plans: Obligations	0
Life insurance premiums	0
Guarantees furnished by the company in favor of directors	0

b) Payable to company directors forming part of other boards of directors and/or senior management of group companies:

Type of Compensation	Figures in thousands of euros
Fixed compensation	843
Variable compensation	0
Meeting attendance fees	0
Directors' Fees as stipulated in Bylaws	0
Stock options and/or other financial instruments	0
Other	0

Total	843
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Other Benefits	Figures in thousands of euros
Advances	0
Credits granted	0
Pension Funds and Plans: Contributions	0
Pension Funds and Plans: Obligations	0
Life insurance premiums	0
Guarantees furnished by the company in favor of directors	0

c) Total compensation by type of directorship (in thousands of euros):

Type of directorship	By company	By group
Executive	1,053	843
External Nominee	237	0
External Independent	198	0
Other External	0	0
Total	1,488	843

d) With respect to income attributed to the parent company:

Total compensation paid to directors (in thousands of euros)	2,331
Total compensation paid to directors/income attributed to parent company (in %)	0.0

B.1.12 Identify any senior management who are not executive directors, and indicate total compensation payable to them during the year:

Name	Position
MR. PEDRO CARLOS ECHEVARRIA ARNAIZ	ASSISTANT DIRECTOR TO THE CHIEF EXECUTIVE
MR. RAFAEL LÓPEZ ENRÍQUEZ CHILLÓN	HUMAN RESOURCES MANAGER
MR. SERAFÍN GÓMEZ RODRÍGUEZ	SECURITY AND COMPLIANCE MANAGER
MR. ALBERTO GONZÁLEZ DEL SOLAR	GENERAL MANAGER FOR ARGENTINA
MR. CLAUDIO VALLEJO AGUILA REAL	COMMUNICATIONS MANAGER
MR. ANTONIO PARA ANDRADE	PRODUCT MANAGER FOR SPAIN
MR. JAIME ESTALELLA CARVAJAL	EUROPEAN OPERATIONS MANAGER
MR. DAVID ELIZAGA CORRALES	ECONOMIC FINANCIAL MANAGER
MR. RICARDO MORENO WARLETA	CORPORATE DEVELOPMENT MANAGER
MR. ADOLFO CARPENA MANSO	INTERNAL AUDIT MANAGER
MR. FERNANDO ORS VILLAREJO	BUSINESS DEVELOPMENT MANAGER
MR. RICARDO JANSON	GENERAL MANAGER FOR PANAMA
MR. ALEJANDRO PASCUAL GONZALEZ	OPERATIONS MANAGER FOR ITALY
MR. MASSIMO RUTA	GENERAL MANAGER FOR ITALY
MS. BEATRICE RANGEL NBSP	DIRECTOR OF INSTITUTIONAL RELATIONS FOR AMERICA
MR. FELIPE LUDEÑA MUÑOZ	INFORMATION SYSTEMS MANAGER

Total senior management compensation (in thousands of euros)	5,287
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B.1.13 Identify in aggregate terms whether any golden parachute contracts exist for senior management, including the executive directors, of the company or its group for cases of dismissal or changes in control. Indicate whether the existence of such contracts is required to be reported and/or whether they must be approved by the governance organs of the company or of its group:

Number of beneficiaries	5
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	Board of Directors	GENERAL MEETING OF SHAREHOLDERS
Organ authorizing the contracts	YES	NO

Was the General Meeting of Shareholders informed of the contracts?	NO
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B.1.14 Indicate the process for determining the compensation paid to members of the Board of Directors and any clauses in the bylaws pertaining to this.

Process for Determining Compensation to Members of the Board of Directors and Pertinent Bylaw Clauses
<p>In accordance with the Rules of Procedure of the Board of Directors of Codere, S.A., specifically in article 5.2, compensation for Directors shall be in accordance with the stipulations of the Bylaws, with the Corporate Governance Committee being in charge of drafting proposals to the Board of Directors with respect to the resolutions which it is required by the Bylaws to adopt in said regard. The Board, after a report by the Corporate Governance Committee shall approve an annual report on the policy of Director compensation which, among other matters, when the compensation established in accordance with the Bylaws includes the amount of fixed components, will deal with variable items and the principal characteristics of social security systems. Said report is voted on by the General Meeting of Shareholders, as a separate item on the agenda, for advisory purposes.</p> <p>In regard to compensation payable to members of the Board of Directors, Article 24.5 of the Corporate Bylaws states:</p> <p>'The position of Director is subject to compensation. Compensation shall consist of the following three items:</p> <ul style="list-style-type: none"> a) An annual fixed amount of thirty-thousand one-hundred and twenty euros (30,120.-€) paid to each Director. b) An amount in terms of attendance at meetings of the Board of Directors. In the case whereby the Director attends the meeting in person, the Director shall receive an amount to be established by the Board, but which cannot exceed three-thousand and twelve euros (3,012 Euros) per meeting. c) Amounts which, if applicable, are assigned by the Board of Directors on the basis of the functions or activities carried out by the Directors in the exercise of their duties on the Board and Committees thereof.

The total amount of said assignments may not exceed for the year the total amount corresponding to the Directors as a whole for the items referred to in paragraphs a) and b) above.

The Board shall establish the specific functions or tasks the performance of which will give rise to payment of said amounts. The General Meeting of Shareholders shall be informed in detail of any resolutions concerning said assigned amounts in the Compensation Policy Annual Report.

The amount of compensation referred to in paragraphs (a) to (c) above shall each year automatically be brought in line with any upward or downward changes in the Spanish Consumer Price Index published by the Spanish National Institute of Statistics, with the amount thereof being increased or decreased.

Likewise, article 24.6 of the Corporate Bylaws indicates with respect to the above amounts of compensation, that said amounts shall be compatible with and independent of any salaries, remuneration, indemnity, pension, stock options, remuneration systems indexed to share value or any type of compensation established in general or specifically for those Directors providing executive or professional services to the Company regardless of the nature of their relation with the Company, whether this be a common or special senior management labor relation, mercantile relation or service provision relation, all of which relations shall be compatible with the position of member of the Board of Directors.

Indicate whether the plenum of the Board has reserved for itself the approval of the following decisions:

At the proposal of the chief executive of the company, the appointment and eventual dismissal of senior management, as well as their indemnity clauses.	YES
Compensation of directors, and, in the case of executives, additional compensation for their executive duties and other conditions which their contracts must respect	YES

B.1.15 Indicate whether the Board of Directors has approved a detailed compensation policy and specify the matters with regard to which it pronounces itself:

YES

Amount of fixed components, itemizing, if applicable, fees for participation at Board Meetings and Board Committees, and an estimation of the fixed annual compensation to which they give rise	YES
Variable compensation categories.	YES
Principle characteristics of social welfare systems, estimating their equivalent annual amount or cost	YES
Conditions which must be respected by the contracts of those performing senior management duties as executive directors	YES

B.1.16 Indicate whether the Board puts the report on director compensation policy to a vote by the General Shareholders' Meeting, as a separate item on the agenda, for advisory purposes. If applicable, explain those aspects of the report dealing with the compensation policy approved by the Board for future years, the most significant changes in these policies with respect to the policy applied during the year, and an overall summary of how the compensation policy was applied in the year. Detail the role of the Compensation Committee and, if external consultancy has been used, identify the external consultants providing the service:

Matters dealt with in the Compensation Policy
1. Composition of the Company Board of Directors. 2. Directors' Compensation. 3. Composition, duties and functioning of the Corporate Governance Committee. 4. General Principles regarding Compensation Policy for Directors. 5. Compensation System for Executive Directors, including forecast or estimate for the following year. 6. Compensation System for Non-Executive Directors, including forecast or estimate for the following year.

Role of the Compensation Committee
As established in article 5.2 of the Rules of Procedure of the Board of Directors of Codere, S.A., the Board approves the Report on Directors' Compensation Policy, after a report by the Corporate Governance Committee.

Have you used external consultancy?	
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Identity of the External Consultants

B.1.17 Indicate, if applicable, the identity of the members of the Board who are, in turn, members of the Board of Directors, managers or employees of companies having significant shareholdings in the listed company and/or in companies belonging to its group:

Name of Director	Corporate Name of Significant Shareholder
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MASAMPE HOLDING, B.V.

Detail, if applicable, any relevant relations other than those considered in the preceding paragraph with respect to members of the Board of Directors which relate them with significant shareholders and/or in companies of their group.

B.1.18 Indicate whether any change has been made during the year in the rules of procedure of the Board:

YES

Description of Changes
At its meeting held on 13 April 2011 the Board of Directors resolved to approve the new Rules of Procedure of the Board of Directors, which incorporates several changes, the majority of which were aimed at adaptation to the text of the Spanish Capital Companies Act.

B.1.19 Indicate the procedures for appointment, reelection, 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:

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 which 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).

Reelection.

The Directors shall perform their duties for the term of six years, being eligible for reelection by the General Meeting of Shareholders for further terms of the same duration.

As in the case of appointment, reelection 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 (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).

B.1.20 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 which 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. Just cause shall be deemed to exist when the Director has failed to comply with the duties inherent to his post or is affected by any of the circumstances which prevent him from being classified as independent (art. 3.4 Rules of Procedure of the Board of Directors). The resignation of Independent Directors may likewise be proposed as the result of takeover bids, mergers or other

similar corporate transactions entailing a change in the capital structure of the Company when such changes in the structure of the Board are the result of proportionality criteria established in art. 1.9 Rules of Procedure of the Board of Directors (art. 3.5 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 owing to resignation or another reason, a Director resigns from his post before the end of his term of office, said Director shall be required to explain his reasons for so doing in a letter which he will send to all of the member of the Board (art. 3.7 Rules of Procedure of the Board of Directors).

B.1.21 Explain whether the position of chairman of the board entails the function of chief executive of the company. If so, indicate the measures taken to limit the risks of accumulation of powers in a sole person.

YES

Measures aimed at limiting risks
<p>Pursuant to the Rules of Procedure of the Board of Directors, the President and Chief Executive is a member of the Board of Directors, a collegiate body which is required to comply with its functions for a sole independent purpose, and strictly within the criteria of thoroughness, impartiality and objectivity as established by Law and the Corporate Bylaws.</p> <p>Likewise, any resolution or decision which is of special importance to the company, after being approved by the Board, must be submitted to the corresponding Board Committee for review thereby.</p> <p>Furthermore, in order to adopt certain resolutions, the reports and proposals of the various company Committees must be first obtained.</p> <p>It is also important to point out that the Chairman does not have a casting vote on the Board of Directors.</p>

Indicate and, if applicable, explain whether regulations have been established which empower one of the independent directors to request that a Board meeting be called, or that new items be included on the agenda, in order to coordinate and voice the concerns of external directors and to conduct the evaluation made by the Board of Directors:

YES

Explanation of rules
<p>Pursuant to article 10.5 of the Rules of Procedure of the Board of Directors, the Deputy Chairman, or in the absence thereof, one or more Independent Directors, may request a meeting of the Board or that new items be included on the agenda in order to voice the concerns of the external Directors and conduct the evaluation by the Board of its Chairman.</p> <p>Additionally, article 10.6 in the context of designation of the Deputy Chairman, indicates that if the Board of Directors considers it advisable it may appoint a Deputy Chairman for the purpose not only of replacing the Chairman in the case of absence or illness, but also to</p>

collaborate with him in the exercise of his duties.

B.1.22 Are reinforced majorities, other than the legal ones, required for any type of decision?

NO

Indicate how resolutions are adopted on the Board of Directors, stating at least the minimum attendance quorum and the type of majorities required in order to adopt resolutions:

Description of the resolution:

Board of Directors' resolutions.

Quorum	%
Pursuant to article 24.12 of the Corporate Bylaws, in order for the meeting of the Board to be validly constituted it must be attended by at least half plus one of its members, including those attending in person and by proxy. Furthermore, article 12 of the Rules of Procedure of the Board of Directors states that the legal and statutory stipulations shall determine the valid constitution of the meeting of the Board and the adoption of resolutions therein.	50.00

Type of majority	%
Article 24.14 of the Corporate Bylaws establishes that the resolutions of the Board, with the exception of those which by law require reinforced majorities, shall be adopted by an absolute majority of votes of the Directors attending in person and by proxy, and shall be reflected in the corresponding Minutes.	50.00

B.1.23 Explain whether there are any specific requirements other than those pertaining to directors, in order to be appointed Chairman.

NO

B.1.24 Indicate whether the Chairman has a casting vote:

NO

B.1.25 Indicate whether the bylaws or the Rules of Procedure of the Board of Directors stipulate any age limit for directors:

Age Limit for Chairman	Age Limit for Chief Executive	Age Limit for Director
0	0	0

B.1.26 Indicate whether the bylaws or the Rules of Procedure of the Board of Directors stipulate a limited term of office for independent directors:

NO

Maximum Number of Years in Office	0
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B.1.27 In the event that there are no or very few women directors, explain the reasons and the initiative adopted to correct this situation:

Explanation of reasons and initiatives
<p>Currently, the Board of Directors of Codere S.A. is made up of nine members, one of whom is Ms. Encarnación Martínez Sampedro, who is an Executive Director of the Company. This means that 11.11% of the Board of Directors is made up of women, a much higher percentage than that existing in other Spanish listed companies.</p> <p>Moreover, the Board of Directors of Codere S.A., through its Rules of Procedure, attributes as a function of the Corporate Governance Committee that of evaluating the competences, knowledge and experience required on the Board, as well as defining the functions and aptitudes required of candidates who are to cover each vacancy on the Board.</p>

In particular, indicate whether the Appointments and Compensation Committee has established procedures aimed at ensuring that the selection processes are not implicitly biased so as to prevent the selection of female directors, and that they deliberately seek out female candidates who meet the required profile:

YES

Indicate the principal procedures
<p>The Board of Directors of Codere S.A., through its Rules of Procedure, attributes the Corporate Governance Committee (art. 1.12 Rules of Procedure of the Board) with the function of overseeing that the selection processes for covering vacancies on the board are not implicitly biased against the selection of female directors, and likewise the function of overseeing that the company deliberately seek out and include among potential candidates women who meet the professional profile sought. In this way, when the Corporate Governance Committee carries out this task, it takes into consideration the recommendation aimed at the policy of equality on Boards of Directors.</p>

B.1.28 Indicate whether there are any formal processes for proxy voting on the Board of Directors. If so, briefly explain:

Art. 24.13 of the Corporate Bylaws provides as follows:

'Directors may delegate in writing any other director as their proxy to attend board meetings and vote on their behalf.

On its part, article 4.1.d. of the Rules of Procedure of the Board, 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.

B.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:

Number of Board meetings	11
Number of Board meetings not attended by the Chairman	0

Indicate the number of meetings which the various Board Committees have held during the year:

Number of meetings of the Executive or Delegated Committee	0
Number of meetings of the Audit Committee	9
Number of meetings of the Appointments and Compensation Committee	9
Number of meetings of the Appointments Committee	0
Number of meetings of the Compensation Committee	0

B.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 absences of directors during the year	1
% of absences with respect to total votes during the year	0.660

B.1.31 Indicate whether the individual and consolidated annual accounts submitted for approval by the Board have been previously certified:

YES

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. DAVID ELIZAGA CORRALES	ECONOMIC FINANCIAL MANAGER

B.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.

The report of the external auditor Price Waterhouse Coopers corresponding to the year 2011 did not contain a qualified opinion.

B.1.33 Is the Secretary of the Board of Directors a Director?

NO

B.1.34 Explain the procedures for appointment and dismissal of the Secretary of the Board, indicating whether the Secretary's appointment and dismissal have been reported by the Appointments Committee and approved by the plenum of the Board:

Procedure for Appointment and Dismissal
Pursuant to art. 11.6 of the Rules of Procedure of the Board of Directors, in order to safeguard the independence, impartiality and professionalism of the Secretary, his appointment and dismissal will be reported by the Corporate Governance Committee and approved by the plenum of the Board.

Does the Appointments Committee report the appointment?	YES
Does the Appointments Committee report the dismissal?	YES
Does the plenum of the Board approve the appointment?	YES
Does the plenum of the Board approve the dismissal?	YES

Does the Secretary of the Board have the special duty to oversee compliance with the recommendations of good governance?

YES

Comments
Pursuant to article 11.3 of the Rules of Procedure of the Board of Directors, the Secretary of the Board must take special care in order to ensure that the actions of the Board:
Are in line with the Law and its regulations, including those approved by the regulatory agencies.

Are in accordance with the Company Bylaws and with the Rules of Procedure of the General Meeting, the Board and all other rules of the Company.

B.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:

Auditor Independence:

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. Likewise, article 14.3.2 of the same text indicates that the Audit Committee is in charge of passing on to the Board proposals for selection, appointment, reelection, and replacement of the external auditor, as well as the conditions for the contracting thereof.

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 examine any circumstances which may have led to the resignation of the external auditor.

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 or 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.

B.1.36 Indicate whether during the year the Company has changed its external auditor. If so, identify the incoming and the outgoing auditor:

NO

Outgoing Auditor	Incoming Auditor

In the event of any disagreement with the outgoing auditor, explain:

NO

B.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

	Company	Group	Total
Amount of work other than auditing (thousands of euros)	135	775	910
Amount of work other than auditing / Total amount invoiced by the auditing firm (as a %)	50.940	33.510	35.300

B.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:

NO

B.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	3	3

	Company	Group
Number of years audited by the current auditor firm /no. of years that the company has been audited (as a %)	23.1	23.1

B.1.40 Indicate the shareholdings which members of the Board of Directors hold in the capital of companies having the same, similar or complementary type of activity as that which constitutes the corporate object of both the company and its group, and which have been reported to the company. Likewise, indicate the positions they hold or the duties they perform in these companies:

Name of Director	Company	Shareholding %	Position or Duties
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	FORMULA GIOCHI S.P.A. IN LIQUIDATION	5.340	SHAREHOLDER

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MAJICOL	26.520	SHAREHOLDER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	PROMBOWLING, S.A.	51.474	PRESIDENT AND JOINT AND SEVERAL CEO
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MAJISA, S.A.	26.000	JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	PLANET BOWLING, S.A.	51.474	SHAREHOLDER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	FORMULA BINGO, S.P.A. IN LIQUIDATION	2.350	SHAREHOLDER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	FRANCOMAR INVESTMENTS, S.A.	52.000	PRESIDENT AND JOINT AND SEVERAL CEO
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	SUNSET BOWLING, S.L.	51.474	SHAREHOLDER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	ZARABOWLING, S.A.	36.030	SHAREHOLDER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	PROMOBOWLING LEVANTE, S.A.	51.474	SHAREHOLDER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CENTROS DE OCIO FAMILIAR, S.L.	25.737	SHAREHOLDER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	TUI PLAY S.L. IN LIQUIDATION	20.220	SHAREHOLDER
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MAGIC RECREATIVOS, S.L.	36.030	SHAREHOLDER
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	FORMULA GIOCHI S.P.A. IN LIQUIDATION	0.830	SHAREHOLDER
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	MAJICOL	6.120	SHAREHOLDER
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	PROMOBOWLING, S.A.	11.974	SECRETARY AND JOINT AND SEVERAL CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	MAJISA, S.A.	6.000	SHAREHOLDER
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	PLANET BOWLING, S.A.	11.974	SHAREHOLDER
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	FRANCOMAR INVESTMENTS, S.A.	12.000	SECRETARY AND JOINT AND SEVERAL CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	FORMULA BINGO, S.P.A. IN LIQUIDATION	0.360	SHAREHOLDER
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	ZARABOWLING, S.A.	8.380	CHAIRMAN OF THE BOARD
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	SUNSET BOWLING, S.L.	11.974	SHAREHOLDER
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	PROMOBOWLING LEVANTE, S.A.	11.974	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CENTROS DE OCIO FAMILIAR, S.L.	5.987	SHAREHOLDER
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	TUI PLAY S.L. IN LIQUIDATION	4.668	SHAREHOLDER
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	MAGIC RECREATIVOS, S.L.	8.380	SHAREHOLDER
MR. JOSEPH ZAPPALA	TUCSON GREYHOUND PARK	80.000	CHAIRMAN

MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	MAJICOL	6.120	SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	PROMOBOWLING, S.A.	11.974	SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	MAJISA, S.A.	6.000	SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	PLANET BOWLING, S.A.	11.974	SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	FRANCOMAR INVESTMENTS, S.A.	12.000	DIRECTOR AND JOINT AND SEVERAL CEO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	FORMULA BINGO, S.P.A. IN LIQUIDATION	0.370	SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	ZARABOWLING, S.A.	8.380	SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	FORMULA GIOCHI S.P.A. IN LIQUIDATION	0.084	SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	PROMOBOWLING LEVANTE, S.A.	11.974	SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	RECREATIVOS METROPOLITANO, S.L.	100.00	JOINT AND SEVERAL DIRECTOR
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CENTROS DE OCIO FAMILIAR, S.L.	5.987	SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	TUI PLAY S.L. IN LIQUIDATION	4.668	SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	MAGIC RECREATIVOS, S.L.	8.380	SHAREHOLDER
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	SUNSET BOWLING, S.L.	11.974	SHAREHOLDER

B.1.41 Indicate whether there is any procedure allowing directors to have access to external consultancy, and if so, give details:

YES

Detail of Procedure
<p>Pursuant to article 5.1 of the Rules of Procedure of the Board of Directors, the Directors shall have access to all company services, and are entitled to obtain the information and consultancy which they require in order to carry out their duties. They are required to obtain this through the channels of the Chairmanship or Secretariat of the Board; in the latter case, the Secretary will keep the Chairman informed about the information requested, naturally notwithstanding, in any event, the obligation to obtain the information and convey it to the Director so requesting.</p> <p>The Directors shall likewise have the power to propose to the Board of Directors the contracting of external consultants, be these financial, legal, technical, commercial or of any other type deemed necessary for the Company interests. External consultancy is to be sought when the majority of independent Directors coincide on the need thereof.</p>

B.1.42 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:

Detail of Procedure
<p>Pursuant to article 12 of the Rules of Procedure of the Board of Directors, 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 in said article (5 days), and without providing the aforesaid information, informing the Directors of the possibility of examining said information at the registered office.</p> <p>Likewise, article 10 of the aforementioned Rules states that the Chairman, as the person responsible for the effective running of the Board, is required to ensure that the Directors receive sufficient information in advance; the Chairman will encourage debate and active participation of the Directors during Board meetings, safeguarding their freedom to take a stand and express their opinion, and will coordinate together with the Chairman of the Corporate Governance Committee the periodical evaluation of the Board.</p>

B.1.43 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

Explain the Rules
<p>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 will examine the case as soon as possible and in view of the specific circumstances, will decide whether or not the Director should remain in his post. The Board will report on the matter in the Annual Corporate Governance Report.</p>

B.1.44 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 124 of the Companies Act:

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:

NO

Decision taken	Reasoned explanation

B.2 Board of Directors' Committees

B.2.1 Detail all of the Committees of the Board of Directors as well as the members thereof:

AUDIT COMMITTEE

Name	Position	Type
MR. EUGENIO VELA SASTRE	CHAIRMAN	INDEPENDENT
MR. JOSEPH ZAPPALA	MEMBER	INDEPENDENT
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	MEMBER	NOMINEE
MR. JUAN JOSÉ ZORNOZA PÉREZ	MEMBER	INDEPENDENT

COMPLIANCE COMMITTEE

Name	Position	Type
MR. JOSÉ IGNACIO CASES MÉNDEZ	CHAIRMAN	NOMINEE
MR. JOSEPH ZAPPALA	MEMBER	INDEPENDENT
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	MEMBER	NOMINEE
MASAMPE, S.L.	MEMBER	NOMINEE

CORPORATE GOVERNANCE COMMITTEE

Name	Position	Type
MR. JUAN JOSÉ ZORNOZA PÉREZ	CHAIRMAN	INDEPENDENT
MR. EUGENIO VELA SASTRE	MEMBER	INDEPENDENT
MR. JOSÉ IGNACIO CASES MÉNDEZ	MEMBER	NOMINEE
MASAMPE, S.L.	MEMBER	NOMINEE

B.2.2 Indicate whether the following functions correspond to the Audit Committee:

Supervise the process for the drafting and the completeness of the financial information regarding the company and, where appropriate, the group, reviewing compliance with the regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of accounting criteria.	YES
Periodically revise the internal control and risk management systems in order that the principal risks may be adequately identified, managed and disclosed.	YES
Monitor the independence and efficiency of the internal audit process; propose the selection, appointment, reelection and dismissal of the person in charge of the internal audit system; propose the budget for this service; receive periodical information on its activities; and verify that senior management take into consideration the conclusions and recommendations of its reports.	YES
Set up and supervise a mechanism allowing employees to report confidentially, and where appropriate, anonymously, any irregularities which they observe in the company and which may have repercussions, especially in regard to financial and accounting matters.	NO
Bring before the Board proposals for the selection, appointment, reelection and replacement of the external auditor, as well as the auditor's contract	YES

conditions.	
Receive on a regular basis from the external auditor information regarding the audit plan and the results of its implementation, and verify that senior management take into consideration the recommendations thereof.	YES
Ensure the independence of the external auditor	YES
In the case of groups, encourage that the auditor of the group take responsibility for conducting the audits of the companies making up the group.	YES

B.2.3 Describe the rules of procedure regarding the organization and operation, as well as the responsibilities, of each Board committee:

Committee name

AUDIT COMMITTEE

Brief description

Article 14 of the Rules of Procedure of the Board of Directors establishes the rules for the organization and operation of the Audit Committee as well as the powers of said Committee.

Rules of organization and operation: The Audit Committee shall be comprised of a minimum of three and a maximum of six members appointed by the Board of Directors. All members of said committee must be external directors. The members thereof, especially the Chairman thereof, shall be designated taking into account their knowledge and experience in accounting, auditing or risk management. The Chairman of the Audit Committee must be an Independent Director, and must be replaced every four years, being eligible for reelection one year after his resignation. The Audit Committee shall meet at least once every quarter, and whenever it is deemed necessary, after a meeting is called by its Chairman, either at his own decision or at the request of two committee members or the Board of Directors or its Chairman.

Responsibilities and Competences: Notwithstanding any other task which it may be assigned by the Board of Directors, the primary function of the Audit Committee shall be that of supporting the Board of Directors in its financial supervisory functions and, specifically, it shall have at least the following competences: a) Inform the General Meeting of Shareholders about the matters posed at said General Meeting by shareholders in regard to matters which are the competence of the Audit Committee. b) Propose to the Board of Directors the appointment of external auditors in order that the Board may submit the proposal to the General Meeting of Shareholders. c) Supervise internal audit services. d) Be informed of the financial information process and internal control systems. e) Maintain relations with the external auditor in order to receive information on any matters which may jeopardize the independence of said auditor, and any other matters related to the carrying out of the audit process; likewise receive information and maintain with the auditor the communications which are required by law. f) Report on the annual accounts as well as on issue prospectuses, and on the periodical financial information which is to be sent to the regulatory agencies quarterly or every six months, paying special attention to compliance with the legal requirements and the correct application of the generally accepted accounting principles, to the existence of internal control systems and to the monitoring thereof, and to compliance with internal auditing. g) On a yearly basis, draw up an annual report containing the activities carried out by the Committee.

In particular, the Audit Committee shall do the following: 1. In relation to information and internal control systems: a) Supervise the process for the drafting and completeness of the financial information concerning the Company and, if applicable, the group, reviewing compliance with regulatory requirements, the proper delimiting of the consolidation perimeter, and the correct application of the accounting criteria. b) Periodically review the internal control and risk management systems in order to identify, manage and properly inform of the principal risks. c) Oversee the independence and effective functioning of the internal audit process; propose the selection, appointment, reelection and dismissal of the person in charge of the internal audit service; propose the budget for said service; receive periodical information on its activities; and verify that senior management takes into account the conclusions and

recommendations of its reports. d) Inform the Board of Directors, at least once a year, about risk control matters, and about any malfunctioning detected, if applicable, in the internal audit reports or in the exercise of the aforementioned functions. 2. In relation to the external auditor: a) Pass on to the Board the proposals for selection, appointment, reelection and replacement of the external auditor, as well as the auditor's contract conditions. b) Receive on a regular basis from the external auditor information regarding the audit plan and the results of its execution, and verify that senior management takes its recommendations into account. c) Ensure the independence of the external auditor, and, in said regard: i) Ensure that the Company communicates to the Spanish Securities Commission any change in auditor, together with a declaration on the eventual existence of discrepancies with the outgoing auditor and, should such discrepancies exist, an explanation thereof. ii) Ensure that the Company and the auditor respect the regulations in effect on the provision of services other than auditing services, the limits on the concentration of the business of the auditor, and, in general, all other regulations stipulated in order to ensure the independence of the auditors; iii) In the case of resignation of the external auditor, examine the circumstances giving rise thereto. d) Favor the circumstance whereby the auditor of the group, if applicable, takes on the responsibility for auditing the companies comprising the group. e) Discuss with the auditors or audit firms any significant weaknesses in the internal control system detected during the audit. f) Establish the pertinent relations with the auditors or audit firms in order to receive information on any matters which might jeopardize the independence of said auditors, for examination by the Committee, or any other matters related to the auditing process, and all other communications established in the audit legislation and in the auditing standards. In any event, they are required to receive annually from the auditor or audit firms the written confirmation of their independence with respect to the entity or entities directly or indirectly related to the company, as well as information on any type of additional services provided to these entities by the aforementioned auditors or firms, or by the persons or entities related to the latter pursuant to Audit Act 19/1988 of 12 July. g) Issue annually, prior to issuing the report which will state an opinion regarding the independence of the auditor or audit firms. In any event, this report is to inform about the provision of the additional services referred to in the preceding paragraph. 3. Inform the Board, prior to adoption by the latter of the decisions which are reserved to it under article 7.17 of these Rules, in regard to the following matters: a) Any financial information which the Company, as a listed company, is required to publish periodically. The Committee is to ensure that the intermediate accounts are drafted with the same accounting criteria as the annual accounts and, for said purpose, consider the suitability of a limited revision by the external auditor. b) The creation or acquisition of holdings in special purpose entities or those domiciled in countries or territories considered to be tax havens, as well as any other similar transactions or operations which, given their complexity, might diminish the transparency of the group. c) Related transactions.

Committee name

COMPLIANCE COMMITTEE

Brief description

Article 15 of the Rules of Procedure of the Board of Directors establishes the rules for the organization and operation of the Compliance Committee as well as the powers of said Committee.

Rules of organization and operation: the Compliance Committee shall be comprised of a minimum of three and a maximum of six members appointed by the Board of Directors. All members of said committee must be external directors. The Chairman of the Compliance Committee shall be preferably an Independent Director. In the case whereby the Chairman is not an Independent Director, the specific reasons for the appointment shall be given in the Corporate Governance Annual Report. The Compliance Committee shall meet whenever the Board of Directors requests that a report be issued or that proposals be approved within the sphere of its competences, and whenever the Committee Chairman deems this advisable in order to adequately carry out its functions.

Responsibilities and Competences: Notwithstanding any other task which it may be assigned by the Board of Directors, the Compliance Committee shall have the following functions: a) The monitoring of compliance by the Company and the Group of Spanish or foreign regulations applicable to it in matters of gaming. b) Evaluate the internal control systems of the Company and of the Codere Group in relation to their reporting and transparency obligations in matters of gaming, and make those proposals for introduction and improvement which it deems necessary or advisable. c) The monitoring of compliance and control systems by the Company and the Group of the regulations regarding the prevention of money laundering, and the proposals for introduction and improvement which it deems necessary or advisable. d) Establish and supervise 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. e) Monitor the security systems and measures applied in carrying out Company and Group business, being informed periodically by the managers in charge of said matter.

Committee name

CORPORATE GOVERNANCE COMMITTEE

Brief description

Article 16 of the Rules of Procedure of the Board of Directors establishes the rules for the organization and operation of the Corporate Governance Committee as well as the powers of said Committee.

Rules of organization and operation: the Corporate Governance Committee which also integrates the nature and functions which the Unified Code of Good Governance of listed companies recommends for the Appointments and Compensation Committee, is formed by a minimum of three and a maximum of six members appointed by the Board of Directors. All members of said committee must be external directors, at least half of which must be Independent Directors. The Chairman of the Corporate Governance Committee shall be preferably an Independent Director. In the case whereby the Chairman is not an Independent Director, the specific reasons for the appointment shall be given in the Annual Corporate Governance Report. The Corporate Governance Committee shall meet whenever the Board of Directors or its Chairman requests that a report be issued or that proposals be approved within the sphere of its competences, and whenever the Committee Chairman deems this advisable in order to adequately carry out its functions.

Responsibilities and Competences: Notwithstanding any other task which it may be assigned by the Board of Directors, the Corporate Governance Committee shall have the following functions: a) Examine compliance with the Internal Rules of Conduct in relation to the Securities Markets and make any proposals required for the improvement thereof, and likewise supervise compliance with the rules of corporate governance applicable in said regard. b) Draft reports and proposals to the Board regarding decisions to be adopted in cases of conflict of interests. c) Submit the Corporate Governance Annual Report and the Report on Directors' Compensation Policy to the Board for approval thereby. d) Make the proposals provided for under these Rules, with respect to compensation payable to members of the Board of Directors. e) Evaluate the competences, knowledge and experience required on the Board, consequently defining the functions and aptitudes required of candidates who are to cover each vacancy, and evaluate the time and dedication required in order to carry out their duties properly. f) Make proposals to the Board regarding the functions of the latter -in regard to appointment or proposal-concerning the composition of the Board and the Committees thereof g) Report on the appointments and dismissals of senior management proposed by the chief executive to the Board. h) Inform the Board, whenever applicable, of the various matters provided for in article 1.12. i) Present proposals to the Board of Directors in regard to the compensation of the President and Chief Executive as chief executive officer of the company, or of the other executive directors, apart from the compensation they receive as Directors pursuant to the Corporate Bylaws and likewise in regard to all other conditions of their contracts. j) Propose to the Board the general compensation policy for senior management of the Company and its

subsidiaries and affiliates, as well as senior management basic contract conditions. k) Set guidelines and supervise action in regard to the appointment, selection, career development, promotion and dismissal of managers, in order for the Company to have the highly qualified personnel required for the management thereof. l) Present proposals to the Board and prepare the examination of the matters which the Board must be informed of, in matters which are not the specific competence of any of the other Committees, whenever this is deemed necessary.

B.2.4 Indicate the advisory and consultancy powers of each one of the committees and, if applicable, any delegations they may have:

Committee name

AUDIT COMMITTEE

Brief description

Supervision of internal auditing, verification of financial information and proposal of appointment of external auditor. See B.2.3.

Committee name

COMPLIANCE COMMITTEE

Brief description

Supervision of the correct application of the Good Corporate Governance Rules in force in the Company. See B.2.3.

Committee name

CORPORATE GOVERNANCE COMMITTEE

Brief description

Development and Coordination of the policy regarding appointment and compensation of executives representing the Company and of senior management. See B.2.3.

B.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:

Committee name

AUDIT COMMITTEE

Brief description

The organization and operation 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 of Codere, S.A. Said documents can be found on the Codere web page (www.codere.com). The Audit Committee has presented a report to the Board of Directors on the activities it has carried out during 2011. During said year, the Rules of Procedure of the Board of Directors have been amended, with the composition and functions of this Committee being consequently redrafted.

Committee name

COMPLIANCE COMMITTEE

Brief description

The organization and operation of the Compliance Committee is regulated in detail in article 15 of the Rules of Procedure of the Board of Directors. Said document can be found on the Codere web page (www.codere.com). The Compliance Committee has presented a report to the Board of Directors on the activities it has carried out during 2011. During said year, the Rules of Procedure of the Board of Directors have been amended; however, no change has been made in the composition or functions of this Committee.

Committee name

CORPORATE GOVERNANCE COMMITTEE

Brief description

The organization and operation of the Corporate Governance Committee is regulated in detail in article 16 of the Rules of Procedure of the Board of Directors. Said document can be found on the Codere web page (www.codere.com). The Corporate Governance Committee has presented a report to the Board of Directors on the activities it has carried out during 2011. During said year, the Rules of Procedure of the Board of Directors have been amended; however, no change has been made in the composition or functions of this Committee.

B.2.6 Indicate whether the composition of the executive committee reflects the participation in the Board of the various directors in terms of their type of directorship:

NO

If "NO", explain the composition of your Executive Committee
Codere has no Executive Committee.

C. RELATED PARTY TRANSACTIONS

C.1 Indicate whether the plenum of the Board, after a favorable report from the Audit Committee or any other committee entrusted with said function, has reserved the right to approve the transactions which the Company engages in with directors, significant shareholders or shareholders represented on the Board, or any person related thereto.

YES

C.2 Detail the relevant transactions entailing a transfer of resources or obligations between the company or entities of its group, and the significant shareholders of the company:

C.3 Detail the relevant transactions entailing a transfer of resources or obligations between the company or entities of its group, and the directors or management of the company:

Name of director or manager	Name of company or entity of its group	Nature of operation	Type of transaction	Amount (thousands of euros)
MR. ADOLFO CARPENA MANZO	CODERE, S.A.	CONTRACTUAL	Agreements for financing loans and capital contributions (borrower)	97
MR. DAVID ELIZAGA CORRALES	CODERE, S.A.	CONTRACTUAL	Agreements for financing loans and capital contributions (borrower)	97
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE, S.A.	CONTRACTUAL	Agreements for financing loans and capital contributions (borrower)	483
MR. FERNANDO ORS VILLAREJO	CODERE, S.A.	CONTRACTUAL	Agreements for financing loans and capital contributions	145

			(borrower)	
MR. JAIME ESTALELLA CARVAJAL	CODERE, S.A.	CONTRACTUAL	Agreements for financing loans and capital contributions (borrower)	97
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	CODERE, S.A.	CONTRACTUAL	Provision of services	488
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	CODERE, S.A.	CONTRACTUAL	Agreements for financing loans and capital contributions (borrower)	483
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE, S.A.	CONTRACTUAL	Agreements for financing loans and capital contributions (borrower)	967
MR. RICARDO MORENO WARLETA	CODERE, S.A.	CONTRACTUAL	Agreements for financing loans and capital contributions (borrower)	484

C.4 Detail the relevant 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:

C.5 Indicate whether during the year the members of the Board of Directors have found themselves in any situation of conflict of interest, as stipulated in article 127 ter of the Public Limited Companies Act:

NO

C.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 Rules of Procedure of the Board of Directors, 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 which 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 which 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.

C.7 Does the Group have more than one listed company in Spain?

NO

Identify the listed subsidiaries:

D - RISK CONTROL SYSTEMS

D.1 Provide a general description of the risk policy of the company and/or its group, detailing and evaluating the risks covered by the system, and justifying how said systems fit each type of risk profile.

Codere considers the identification, control and management of both internal and external risk factors to be a basic element of its management system; consequently, it monitors on an ongoing basis the most significant risks which may affect the principal companies comprising the Group.

With this aim in mind, Codere has introduced the system proposed by the COSO II (Committee of Sponsoring Organizations of the Treadway Commission) reports which established an integrated framework of Internal Control and Risk Management.

In this way, the Group has a risk map making it possible to identify the risks requiring specific control and monitoring, prioritized in terms of their importance.

The principles on which the Codere Corporate Risk Management is based are the following:

1.- Risk identification and evaluation.

Codere recognizes that it is necessary to increase the capacity to identify potential events, evaluate risks and establish effective and immediate response as the ideal way to improve the management thereof.

2.- Centralization of Risk Systems

The importance of decisions in the Group requires the establishment of centralized policies, measurement procedures and exposure limits at the various levels of the organization which are defined by the Board of Directors.

3.- Global Perspective

The risk management system is conceived from a global perspective, that is, integrating all strategic and operating factors which make up the Codere risk profile, including economic, regulatory and socio-political legal factors.

4.- Compliance

Monitor the policies and procedures and the state of management of corporate risks.

For the implementation of a System for the Integral Administration of Compliance Risks the following regulatory framework is taken into consideration:

- Guidance on the risk-based approach to combating money laundering and terrorist financing (GAFI)
- International recommendations: United Nations, GAFI, GAFIC, GAFISUD, and Basel Committee.
- Corporate risk administration integrated framework. Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- Local regulations on prevention and control of money laundering and terrorist financing.
- United Nations Vienna, Palermo and Merida Conventions.

By virtue of the current model developed by Codere, the Risk types identified by the Group are detailed below:

Regulatory and socio-political risks:

- Risks of regulatory framework changes which may have a negative impact on the revenues expected or on profit margins.
- Social movements against gaming.

Financial risks, the following being the most significant:

- Interest rate changes
- Risks resulting from fluctuating local currency or functional currency exchange rates, if applicable, with respect to the euro.
- Customer breach of payment or default.
- Country risks (investments in Latin America)

Business Unit risks:

- Strategic and management risks
- Human resources management risks
- Juridical and legal aspect management risks
- Gaming management risks
- Hospitality management risks
- Administration management risks

Technological risks:

- Information security verification (accesses, data protection, etc.)

- Contingency plans
- Activity Automation
- Possible vulnerability of gaming platforms

Reputational and Compliance risks:

- Foment the Compliance Policy intensifying Codere transparency and good practices.

D.2 Indicate whether any of the various types of risks (operational, technological, financial, legal, reputational, fiscal, etc.) affecting the company and/or its group have materialized.

If so, indicate the circumstances which gave rise to said risks and whether or not the control systems worked.

Risk materialized during the year

Financial risk

Circumstances giving rise to the risk

Fluctuation of local currency exchange rates with respect to the euro.

How the control systems functioned

Functioning of the insurance taken out against changes in the exchange rates of local currencies with respect to the euro.

Risk materialized during the year

Financial risk

Circumstances giving rise to the risk

Customer breach of payment or default

How the control systems functioned

The risk was identified, bad debts were monitored and claims were filed both in and out of court for said payment.

Risk materialized during the year

Regulatory and socio-political

Circumstances giving rise to the risk

Changes in the legal and regulatory framework of certain markets

How the control systems functioned

After these risks were detected, they were monitored and managed both through participation of the Company in associations corresponding to the sector as well as through the corresponding activity of institutional relation.

Risk materialized during the year

Regulatory and socio-political

Circumstances giving rise to the risk

Risk regarding the rating to be given by the Federal Competition Commission of Mexico (COFECO) in relation to the acquisition by the Codere Group of 67.3% of certain companies of the Caliente Group.

How the control systems functioned

The risk was identified and COFECO was provided with the transaction file; all steps were taken and reports issued as requested or deemed necessary in order to obtain the authorization of said agency.

D.3 Indicate whether there is any committee or other organ of governance in charge of establishing and supervising these control mechanisms:

YES

If “yes”, explain their functions.

Name of committee or organ

AUDIT COMMITTEE

Description of functions

Its functions are described in article 26 of the Corporate Bylaws and in article 14 of the Rules of Procedure of the Board of Directors. See point B.2.3

Name of committee or organ

COMPLIANCE COMMITTEE

Description of functions

Its functions are described in article 15 of the Rules of Procedure of the Board of Directors. See point B.2.3

D.4 Identify and describe the processes for compliance with the various regulations affecting your company and/or group.

Codere is aware that it carries out its business activity in a sector which is as highly sensitive as is the gaming sector. This sector has been perceived in many different ways throughout its history, ranging from the strongest prohibition, with the resulting negative consequences, to the highest levels of regulation and organization, going through intermediate periods of a legal grey area in which it was neither legal nor illegal.

Given its leadership in the sector, Codere considers that it should take on the challenge of establishing guidelines of maximum excellence with the authorities, suppliers and customers, and that these guidelines should be included in its global strategy of social responsibility and corporate culture. These guidelines take specific form in the establishment of a strict Compliance Policy.

The CODERE Compliance Policy

Codere has taken as a standard of compliance the framework established by the Basel Committee in 2004. Consequently, CODERE has integrally taken on the amplitude of the Compliance Function as an independent function which identifies, provides consultancy, alerts, monitors and reports the compliance risks in organizations, that is, the risk of receiving sanctions for legal or regulatory breaches, suffering financial loss or loss of reputation as the result of failure to comply with applicable laws, regulations, codes of conduct and good practice standards (together, 'laws, regulations and standards').

Codere requires of itself and also of its associates, suppliers and customers, the strictest conformity to gaming sector regulations in every country in which it operates, as well as scrupulous respect for all financial, fiscal and labor norms wherever it carries out its activity.

The Compliance Policy shows the special commitment of CODERE with respect to legislation against fraud and money laundering, as well as to the values of honesty and integrity in corporate business practices and to the internal code of conduct taken on, in the following specific strategic objectives:

- Establish the proper activities and mechanisms for the implementation throughout the Company of an ingrained Tradition of Compliance, as an essential tool to reach and maintain the level of excellence to which Codere aspires.
- Cooperate in identifying and establishing the strictest standards of ethical conduct and applicable law in the carrying out of Codere business activities.
- Attain the proactive participation of all of the Codere Managers and Employees in relation to the Compliance policies in the various activities and geographical areas in which the Company

operates, establishing the minimum mechanisms of coordination and exigency among the various actors.

- Identify, evaluate and control the principal Compliance risks, understood as those risks which may give rise to legal sanctions, material financial loss, or loss of reputation as the result of possible breach of laws, regulations, and the self-regulation standards of the organization, or of codes of conduct applicable to its business activities.

CODERE Compliance Policy execution processes.

During 2011, the following processes were developed and/or improved:

- Standardization of the International Policies for the Prevention of Money Laundering in Codere S.A.
- Approval of the corporate manual on the Prevention of Money Laundering and Terrorist Financing.
- Introduction and management of the Code of Ethics and Business Conduct which show the use of the best business practices and Corporate Social Responsibility practices in Codere S.A.
- Training of Directors, Managers and key corporate employees in the Prevention of Money Laundering and Terrorist Financing.
- Management of the Compliance Information System required by the Compliance Plan of Codere S.A.

Moreover, the structures supervised by the Compliance Committee have been reinforced with respect to the operation of Local Compliance Officials. This has occurred in Colombia and Argentina which, together with those already existing in Panama, Italy and Mexico (incorporation in the last quarter of 2011 of the new Compliance Official) provide significant reinforcement to the capabilities of the Corporate Compliance Department in its function of effectively carrying out the Compliance Policies.

The activities characteristic of the Prevention of Money Laundering (PML) and Identification of Third Parties (KYC) as well as the training of employees and managers and control of suspicious Customers or Transactions carried out in 2011 can be summarized as follows:

- There were 4,930 cases of various types of Due Diligence conducted between the Corporate Division and the Business Units of the different countries with which the Company operates, with respect to third parties, both natural and legal persons, with which business or contractual relations take place.

- 861 Due Diligences were conducted with CODERE own personnel.

- 969 employees were given Mandatory Training internally in Spain, Argentina, Panama and Colombia.

- There were 27,423 controls and reports of Prizes and Transactions made to the competent Authorities, with the required identification and registration in each case, and, additionally, there were 28 Suspicious Transaction Reports. This process was carried out entirely in all of the Business Units.

- 85 Channel Management communications regarding internal reports/investigations were processed.

E - GENERAL MEETING OF SHAREHOLDERS

E.1 Indicate, and, if applicable, explain any differences in the minimum quorum requirement for constituting the General Meeting of Shareholders with respect to the quorum requirements stipulated in the Spanish Companies Act (LSA).

NO

	% quorum difference with respect to art. 102 LSA for general cases	% quorum difference with respect to art. 103 LSA for special cases of art. 103
Quorum required at first call	0	0
Quorum required at second call	0	0

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

YES

% established by the company for adoption of resolutions	75.000
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Describe how this differs from the system provided for in the LSA.

Describe the differences
Capital increases or reductions, in general any amendment of the Corporate Bylaws, bond issues, the elimination or limitation of preemption 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 shall all require the favorable 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 (as opposed to the requirement of the favorable 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 of the Capital Companies Act).

E.3 State the shareholders' rights in regard to the general meeting of shareholders, which differ from those stipulated in the LSA.

In accordance with the Corporate Bylaws and the Rules of Procedure of the General Meeting of Shareholders the shareholders' rights in relation to the General Meetings are the same as those established in the LSC.

E.4 Indicate, if applicable, any measures taken to encourage shareholder participation at general shareholders' meetings.

Apart from the applicable legal requirements, the Rules of Procedure of the General Meeting, the object of which is to establish the principles of organization and operation of the General Meeting of Shareholders of Codere S.A. in order to facilitate for shareholders the exercise of their rights in accordance with the law and the corporate bylaws, indicates the following measures to encourage participation:

Web page.-

As from the time the notice of the meeting is published, the Company will make available to the shareholders at the registered office and will keep accessible at all times through the Company web page for consultation by shareholders and investors in general, all the information which it deems suitable, including the following:

- a) The full text of the notice of the meeting
- b) Any documents and information which, by law or the corporate bylaws, must necessarily be provided in relation to the various items on the agenda, such as annual accounts, directors' reports, auditor reports, experts' reports, etc.
- c) The full text of all of the resolutions proposed by the Board of Directors, as well as the documentation in regard thereto, for approval by the General Meeting.
- d) Attendance and proxy card sample and indication of the means and procedures for obtaining these.
- e) Indication of the means and procedures to grant proxy at the General Meeting.
- f) Indication of the means and procedures for remote communication, which, in accordance with the law and the corporate bylaws, may be used by shareholders to exercise their political rights.
- g) Information on the form in which the General Meeting is conducted, such as the location where it is to be held, accesses, the existence of various halls, technical means or procedures facilitating the following of the General Meeting, such as simultaneous interpreting, dissemination through audiovisual means, etc.
- h) Also to be included are telephone numbers, email addresses, offices, opening hours, and any other shareholder information services offered by the Company.

The above information may be consulted by easy access to the company web page www.codere.com, through its various sections of shareholders and investors, corporate governance, relevant facts, financial information, operational information, etc.

Exercise of remote voting.-

Shareholders may exercise their right to vote on proposals related to items on the agenda through postal or electronic correspondence, or through any other means of remote communication, provided that the identity of the shareholder exercising its voting right is duly guaranteed.

Electronic Forum.-

Pursuant to article 539 of the revised text of the Capital Companies Act, Codere S.A. has implemented the Shareholder Electronic Forum system on its web page www.codere.com. The object of this forum is to facilitate communication among shareholders on the occasion of the convening of each General Meeting of Shareholders, with registered users being able to send communications aimed at making proposals to be presented as an addition to the agenda announced in the notice of the General Meeting and requests for adhesion to said proposals; presenting initiatives in order to reach a percentage sufficient for the exercise of a minority right; and making offers or petitions for voluntary representation, etc.

These powers are to be carried out in accordance with the forum rules of usage issued by Codere S.A. on 13 April 2011, which are accepted by duly registered users. In accordance with the foregoing, during 2011 Codere S.A. put the Electronic Forum into operation as from the date on which the General Meeting was called, and the date on which it was held.

E.5 Indicate whether the post of Chairman of the General Meeting of Shareholders coincides with that of Chairman of the Board of Directors. Detail, if applicable, the measures that are taken to ensure the independence and proper running of the General Meeting of Shareholders.

YES

Detail of the measures
The General Meeting of Shareholders of Codere, S.A. establishes in its Rules of Operation the principles of organization and operation to which the action of the Chairman must conform in order to ensure that shareholders are able to exercise their rights.
Moreover, at its own initiative, the Board of Directors usually calls for a Notary to attend the General Meeting and take the minutes thereof. Consequently, neither the Chairman nor the Secretary of the General Meeting take part in the drafting of the minutes, which are entrusted to a notary, with the resulting guarantee of neutrality for the shareholders.

E.6 Indicate, if applicable, any amendments made during the year to the Rules of Procedure of the General Meeting of Shareholders.

During 2011, the Regular General Meeting of Shareholders held on 9 June 2011 agreed to amend the Rules of Procedure of the General Meeting, specifically articles 1,2,7,9, 10,12, 14, 15, 16 and 20, in order to eliminate references to legal texts which were repealed, and to adapt the Rules of Procedure to the requirements or possibilities offered by the new Capital Companies Act.

E.7 Indicate the attendance data for the general meetings held during the year of reference of the present report.

Attendance Data					
Date of General Meeting	% of those Physically Present	% of Proxy Holders	% of Remote Vote		Total
			Electronic Vote	Other	
09/06/2011	15,828	61,209	0.000	0.000	77,037

E.8 Briefly indicate the resolutions adopted at the general meetings of shareholders held during the year of reference of the present report and the percentage of votes with which each resolution has been adopted.

The points dealt with in accordance with the Agenda of the General Meeting of Shareholders held on 9 June 2011 were approved by the votes and percentages indicated below:

REGULAR GENERAL MEETING OF SHAREHOLDERS HELD ON 9 JUNE 2011.

ONE.- Examination and approval of the annual accounts (balance sheet, income statement, statement of changes in equity, statement of cash flows and annual report), and of the management report of CODERE, S.A., and of the annual accounts (balance sheet, income statement, statement of global income, statement of changes in equity, statement of cash flows and annual report), and of the management report of its consolidated group of companies, corresponding to the year ended at 31 December 2010 and the proposal for the application of income for the aforesaid year.

This item of the agenda was unanimously approved by the attendees.

TWO.- Approval of the management of the Board of Directors during the year 2010.

This item of the agenda was unanimously approved by the attendees.

THREE.- Amendment of the corporate bylaws;

3.1. Amendment of articles: 1, 15, 21, 23 28, 29, 30, 31 and 32 of the Corporate Bylaws.

This item of the agenda was unanimously approved by the attendees.

3.2. Amendment of article 16 of the Corporate Bylaws.

This item of the agenda was unanimously approved by the attendees.

3.3. Amendment of article 17 of the Corporate Bylaws.

This item of the agenda was unanimously approved by the attendees.

3.4. Amendment of article 19 of the Corporate Bylaws.

This item of the agenda was unanimously approved by the attendees.

3.5. Amendment of article 24 of the Corporate Bylaws.

This item of the agenda was unanimously approved by the attendees.

3.6. Amendment of article 26 of the Corporate Bylaws.

This item of the agenda was unanimously approved by the attendees.

FOUR.- Amendment of the Rules of Procedure of the General Meeting of Shareholders.

4.1. Amendment of articles 1,2,14 and 15 of the Rules of Procedure of the General Meeting.

This item of the agenda was unanimously approved by the attendees.

4.2. Amendment of article 7 of the Rules of Procedure of the General Meeting.

This item of the agenda was unanimously approved by the attendees.

4.3. Amendment of article 9 of the Rules of Procedure of the General Meeting.

This item of the agenda was unanimously approved by the attendees.

4.4. Amendment of article 10 of the Rules of Procedure of the General Meeting.

This item of the agenda was unanimously approved by the attendees.

4.5. Amendment of article 12 of the Rules of Procedure of the General Meeting.

This item of the agenda was unanimously approved by the attendees.

4.6. Amendment of article 16 of the Rules of Procedure of the General Meeting.

This item of the agenda was unanimously approved by the attendees.

4.7. Amendment of article 20 of the Rules of Procedure of the General Meeting.

This item of the agenda was unanimously approved by the attendees.

FIVE.- Appointment, if applicable, of Mr. William Blaine Richardson as a member of the Board of Directors, as an external independent member.

This item of the agenda was approved by 99.2% of the attendance quorum.

SIX.- Authorization for the acquisition of treasury stock directly or through Group companies.

This item of the agenda was approved by 99.91% of the attendance quorum.

SEVEN.- Granting of power of attorney to formalize, interpret, correct and execute the resolutions adopted by the General Meeting of Shareholders.

This item of the agenda was unanimously approved by the attendees.

EIGHT.- Vote, for advisory purposes, on the Compensation Policy Report for the year 2010.

This item of the agenda was approved by 99.91% of the attendance quorum.

NINE.- Information regarding amendments to the Rules of Procedure of the Board of Directors pursuant to article 516 of the Revised Text of the Capital Companies Act.

TEN.- Presentation of the report explaining those aspects of the Management Report referred to in the currently repealed article 116 bis of the Securities Market Act.

E.9 Indicate whether the Bylaws contain any restriction regarding the minimum number of shares required in order to attend the General Meeting.

YES

Number of shares required to attend the General Meeting	100
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E.10 Indicate and justify the policies followed by the company regarding proxy voting at the General Shareholders' Meetings.

Pursuant to article 14 of the Rules of Procedure of the General Meeting, all shareholders having the right to attend General Meetings may be represented at the General Meeting by a proxy, who need not be a shareholder, by using the proxy delegation formula. The same shareholder may not be represented by more than one proxy at the same General Meeting.

Proxy must be specially given in writing for each meeting, by sending the attendance and proxy card duly filled out and signed by the shareholder granting proxy, or by remote communication means which comply with the requisites of article 189.2 of the Capital Companies Act and all other applicable legislation for the right to remote voting and those which the Board of Directors establish in general or for each specific General Meeting.

Proxy delegation shall at all times be revocable, and shall be understood as being revoked when the principal attends the General Meeting in person or, if applicable, when said principal exercises his right to remote voting.

E. 11 Indicate whether or not the company is aware of the institutional investor policy to participate or not in company decisions.

NO

E.12 Indicate the address and mode of access to the contents of Corporate Governance on your Web page.

Codere complies with the applicable legislation and with the best practices regarding the Corporate Governance contents of its web page.

Corporate Governance contents can be accessed from the principal page (www.codere.com) by clicking on the section shareholders and investors, and once there, on the Corporate Governance section.

F - DEGREE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REGULATIONS

Indicate the degree of compliance by the company of the Recommendations of the Unified Code of Good Governance. If any of these are not complied with, explain the recommendations, standards, practices or criteria which are applied by the company.

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 which would hinder taking control of the company through the acquisition of its shares on the market.

See sub-paragraphs A.9, B.1.22, B.1.23 and E.1, E.2

Complies

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 which may arise.

See sub-paragraphs C.4 and C.7

Not Applicable

3. That although this is not expressly required by commercial legislation, any transactions entailing a structural change in the company be put to the General Shareholders' Meeting for approval, particularly any of the following transactions:

- a) The transformation of listed companies into holdings, through a process of creation of subsidiaries or incorporation into the subsidiaries of activities essentially carried out up until then by the company itself, even though the company maintains full control over the subsidiaries;
- b) The acquisition or disposal of essential operating assets, when this entails an amendment of the corporate object;
- c) Transactions the effect of which is equivalent to winding up the company.

Complies Partially

Given that commercial regulations do not require this, and given that these are transactions the execution of which is currently not foreseeable (to date, Codere S.A. has not had to deal with such a type of transaction nor does it have any plans to carry out such a type of transaction), it has not been considered necessary or advisable to include mention of this in the statutory regulations and/or in the company regulations. Notwithstanding the foregoing, article 7 of the Rules of Procedure of the General Meeting of the company stipulates that the transformation, merger, spin-off, en masse assignment of assets and liabilities, transfer of the registered office outside of Spain, the dissolution of the company and, in general, any amendment of the corporate bylaws shall be the competence of the General Meeting.

4. That the detailed proposals of the resolutions to be adopted at the General Meeting, including the information which recommendation 28 refers to, be made public at the time of publication of the notice of the General Meeting.

Complies

5. That at the General Meeting a separate vote be taken on those matters which are substantially independent, so that shareholders may exercise their voting preferences separately. And that said regulation be applied in particular:

- a) To the appointment or ratification of directors, which are to be voted on individually;
- b) In the case of amendment of Bylaws, to each article or group of articles which are substantially independent.

See sub-paragraph: E.8

Complies

6. That the companies allow votes to be split in order that financial intermediaries who are legitimated as shareholders, but who act on behalf of different clients, can cast their votes in accordance with the instructions of said clients.

See sub-paragraph: E.4

Complies

7. That the Board carry out its functions with a sole purpose and independence of criteria, treat all shareholders alike, and be guided by company interest, understood as maximizing the economic value of the company in a sustained manner.

And that it likewise oversee that the company in its relations with the stakeholders respect the laws and regulations; comply in good faith with its obligations and contracts; respect the usage and good practices of the sectors and territories where it exercises its activity; and observe those additional principles of any social responsibility which it has voluntarily accepted.

Complies

8. That the Board take on, as the core of its objective, the approval of the corporate strategy and the organization required for its implementation, and likewise supervise and ensure that the Management comply with the objectives set out and respect the corporate object and interest of the company. And for said purpose, that the Board reserve for itself the power to approve:

- a) The general policies and strategies of the company, particularly the following:

- i) The strategic plan or business plan, as well as the management objectives and annual budgets;
- ii) The investment and financing policy;
- iii) The definition of the structure of the group of companies;
- iv) The corporate governance policy;
- v) The corporate social responsibility policy;
- vi) The compensation policy and evaluation of senior management performance;
- vii) The risk control and management policy, as well as the periodical monitoring of the internal information and control systems;
- viii) The dividend policy and the treasury stock policy, especially in regard to the limits thereof.

See sub-paragraphs B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

- i) At the proposal of the company CEO, the appointment and eventual dismissal of senior management, as well as their indemnity clauses.

See sub-paragraph B.1.14

- ii) Compensation of directors, and, in the case of executive directors, additional compensation for their executive duties and all other conditions which their contracts are required to respect.

See sub-paragraph B.1.14

- iii) The financial information which, given that it is a listed company, the company is required to make public periodically.
- iv) All types of investments or transactions which, in view of the elevated amount or special characteristics thereof, are strategic, unless they are required to be approved by the General Meeting.
- v) The creation or acquisition of shares in special-purpose companies or companies domiciled in countries or territories considered as tax havens, and any other similar transactions or operations which, given their complexity, may diminish the transparency of the group.

c) Transactions which the company carries out with directors, significant shareholders or shareholders represented on the Board, or with related persons ("related party transactions").

This authorization by the Board shall not be understood as necessary, however, in those related transactions which simultaneously comply with the following three conditions:

- 1) That they be carried out by virtue of contracts having standardized conditions and be applied en masse to a large number of customers;
- 2) That they be carried out at prices or rates generally established by the supplier of the good or service in question;
- 3) That the amount thereof not exceed 1% of the annual revenues of the company.

It is recommended that the Board approve the related party transactions after a favorable report of the Audit Committee or, where appropriate, of any other Committee entrusted with this function; and that the directors which these transactions affect, in addition to not exercising or delegating their right to vote, be absent from the meeting room while the Board deliberates and votes on said transaction.

It is recommended that the functions attributed herein to the Board not be subject to delegation, except those mentioned in letters b) and c), which, for urgent reasons, may be taken on by the Delegated committee, to be subsequently ratified by the plenum of the Board.

See sub-paragraphs: C.1 and C.6

Complies

9. That the size of the Board be large enough to be able to function effectively and in a participative manner, which makes it advisable that it have no fewer than five nor more than fifteen members.

See sub-paragraph: B.1.1

Complies

10. That the external nominee and independent directors make up an ample majority of the Board and that the number of executive directors be limited to the minimum required, taking into account the complexity of the corporate group and the percentage of share capital held by the executive directors.

See sub-paragraphs: A.2, A.3, B.1.3, and B.1.14

Complies

11. That in the event that there is any external director who cannot be considered either as a nominee or independent director, the company explain said circumstance and the ties of said director either with the company or its management or with company shareholders.

See sub-paragraph: B.1.3

Not Applicable

12. That with respect to the external directors, the ratio of the number of nominee directors to the number of independent directors be the same as the ratio of the corporate capital represented by the nominee directors to the rest of the capital.

This criterion of strict proportionality may be modified so that the nominee directors have greater weight than that which would correspond to the total percentage of capital which they represent:

1. In highly capitalized companies in which there are few or no shareholdings which are legally considered as significant, but where there are shareholders with share packages having a high absolute value.
2. When companies have a plurality of shareholders represented on the Board, and said shareholders have no ties among themselves.

See sub-paragraphs: B.1.3, A.2 and A.3

Complies

13. That the number of independent directors represents at least one-third of the total number of directors.

See sub-paragraph: B.1.3

Complies

14. That the type of directorship be explained by the Board to the General Meeting of Shareholders which is to make or ratify the appointment, and that this be confirmed or, where appropriate, revised, annually in the Corporate Governance Report, after verification by the Appointments Committee. Furthermore, that said report likewise give the reasons for the appointment of nominee directors at the petition of shareholders holding less than 5% of the capital; and that the reasons be given for not having honored formal petitions for appointments to the Board from shareholders holding the same or greater percentage of shares in comparison to the percentage held by others at whose petition nominee directors were appointed.

See sub-paragraphs: B.1.3 and B.1.4

Complies

15. That when there are few or no female directors the Board explain the reasons and the initiatives adopted to correct the situation; and that, in particular, the Appointments Committee see to it that when new vacancies are produced:

- a) There be no implicit bias in the selection processes so as to hinder the selection of female directors;
- b) The company deliberately seek out and include among the potential candidates women having the professional profile sought.

See sub-paragraphs: B.1.2, B.1.27 and B.2.3

Complies

16. That the Chairman, as the person in charge of seeing to it that the Board is run effectively, makes sure that the directors receive sufficient information in advance; encourages debate and the active participation of the directors during Board meetings, safeguarding their freedom to take their own stand and express their own opinion; and organizes and coordinates together with the chairs of the pertinent Committees the periodical evaluation of the Board and of the Managing Director or CEO.

See sub-paragraph: B.1.42

Complies

17. That, when the Chairman of the Board is also the company CEO, one of the independent directors be authorized to do as follows: request that a meeting be called or that new items be included on the agenda; coordinate and reflect the concerns of the external directors; and conduct the evaluation by the Board of its Chairman.

See sub-paragraph: B.1.21

Complies

18. That the Secretary of the Board take special care in seeing to it that the actions of the Board:

- a) Conform to the letter and the spirit of the Law and its regulations, including those approved by regulatory agencies;
- b) Conform to the Corporate Bylaws and the Rules of Procedure of the General Shareholders' Meeting, the Board of Directors and any other Rules of the company;
- c) Keep in mind the recommendations on good governance contained in the Unified Code accepted by the company.

Furthermore, in order to safeguard the independence, impartiality and professionalism of the Secretary, that his or her appointment and resignation or dismissal be reported by the Appointments Committee and approved by the plenum of the Board, and that said procedure for appointment, resignation or dismissal be included in the Rules of Procedure of the Board.

See sub-paragraph: B.1.34

Complies

19. That the Board meet as often as required in order to carry out its functions effectively, following the timetable and agenda which it establishes at the beginning of the year, with each Director being authorized to propose additional items to be put on the agenda.

See sub-paragraph: B.1.29

Complies

20. That the number of cases of non-attendance of directors at Board meetings be limited to absolute necessity, and that such cases be quantified in the Annual Corporate Governance Report; moreover, if proxy delegation should prove to be essential, that this be granted with instructions.

See sub-paragraphs: B.1.28, and B.1.30

Complies

21. That when the directors or the Secretary express their concern over a given proposal or, in the case of the directors, over the running of the company, and these concerns are not resolved at the Board meeting, said circumstance be reflected in the minutes at the request of the person voicing such concerns.

Complies

22. That the plenum of the Board evaluate once a year the following:

- a) The quality and efficiency of the manner in which the Board is run;
- b) On the basis of the report submitted to it by the Appointments Committee, the Chair's performance of his or her functions, as well as the CEO's performance of his or her functions;
- c) How well its Commissions are run, on the basis of the report submitted to it by said Commissions

See sub-paragraph: B.1.19

Complies

23. That all directors be able to exercise their right to gather any additional information which they consider necessary regarding matters which are the competence of the Board, and, unless the Bylaws or Rules of Procedure of the Board stipulate otherwise, that they address their request to the Chairman or the Secretary of the Board.

See sub-paragraph: B.1.42

Complies

24. That all directors be entitled to obtain from the company the consultancy they require in order to comply with their functions. Moreover, that the company find the adequate channels for the exercise of this right, which under special circumstances may include external consultancy at company expense.

See sub-paragraph: B.1.41

Complies

25. That companies set up an orientation program to familiarize new directors with the company and its corporate governance rules rapidly and to a sufficient degree. Moreover, that the companies offer their directors programs for updating their knowledge when this is deemed advisable by the circumstances.

Complies

26. That companies require that their directors devote sufficient time and energy to their function in order to perform their duties efficiently; consequently:

- a) That directors inform the Appointments Committee of their other professional obligations, in case these should interfere with the dedication required;
- b) That companies establish rules on the number of boards on which their directors may sit.

See sub-paragraphs: B.1.8, B.1.9 and B.1.17

Complies

27. That the proposal for appointment or reelection of directors submitted by the Board to the General Shareholders' Meeting, as well as their provisional appointment owing to co-option, be approved by the Board:

- a) At the proposal of the Appointments Committee, in the case of independent directors;
- b) After a report by the Appointments Committee, in the case of the other directors.

See sub-paragraph: B.1.2

Complies

28. That companies publicize and keep up to date through their Web page the following information on their directors:

- a) Professional and biographical profile;
- b) Other Boards of Directors on which they sit, regardless of whether or not these are listed companies;
- c) Indication of the type of directorship they hold, indicating in the case of nominee directors, the shareholder which they represent or with which they have ties;
- d) Date of their initial appointment as company director, and dates of subsequent appointments; and;
- e) Any company shares and stock options which they hold.

Complies

29. That independent directors not remain as such for a continual period of more than 12 years.

See sub-paragraph: B.1.2

Explain

Article 3 of the Rules of Procedure of the Board of Directors of Codere S.A. establishes that it shall be endeavored that the Independent Directors not remain as such for a period of over 12 years, and in the case whereby it should be resolved to renew them in their posts in said capacity beyond said time period, the specific reasons for this must be given in the Corporate Governance Annual Report.

Additionally, article 1.11 of the same text indicates that the nature of each Directorship shall be explained by the Board before the General Meeting of Shareholders which is required to make or ratify the appointment, and shall be confirmed or, if applicable, reviewed annually in the Corporate Governance Annual Report, after verification by the Corporate Governance Committee.

The Independent Directors Mr. Eugenio Vela Sastre and Mr. Juan José Zomoza Pérez completed 12 years as Directors of Codere S.A. on 17 June 2011. The Corporate Governance Committee, at

its meeting held on 23 February 2012, with the two Directors involved having left the room during the deliberations and the vote, verified that both directors, despite the period lapsed since their initial appointment, continue to carry out their duties without being influenced by their relations with the Company, or with their significant shareholders or their directors, and that they are not affected by any of the circumstances of incompatibility which (pursuant to article 61 bis of the Securities Market Act and article 1.13 of the Rules of Procedure of the Board of Directors) would disqualify them from being classified as Independent. Likewise, the Committee considered that not only has their independence not been compromised, but that furthermore, given the current situation of the company, it is highly recommendable that both Mr. Eugenio Vela Sastre and Mr. Juan José Zomoza Pérez remain in their directorships as independent directors, in view of the especially important contribution which they make given their historical knowledge of the company and of the sector in which it operates. Consequently, the Corporate Governance Committee resolved that these two directors should remain in their posts as independent directors.

30. That nominee directors tender their resignation when the shareholder which they represent sells his or her entire shareholding. And that they likewise do so, in the corresponding proportion, when said shareholder reduces his or her shareholding down to a level which requires the reduction of the number of the shareholder's nominee directors.

See sub-paragraphs: A.2, A.3 and B.1.2

Complies

31. That the Board of Directors refrain from proposing the dismissal of any independent director before said director finishes his or her term of appointment as stipulated in the Bylaws, unless there is good cause to do so, as determined by the Board on the basis of a report by the Appointments 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 described in sub-paragraph 5 of section III of the definitions of this Code.

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 12.

See sub-paragraphs: B.1.2, B.1.5 and B.1.26

Complies

32. That the companies set up rules requiring directors to report and, where appropriate, resign in those cases which may harm the credit and reputation of the company, and in particular, require them to report to the Board any criminal matter of which they stand accused, as well as the subsequent procedural outcome.

That, in the event that a director should be charged with or ordered to stand trial for any of the crimes indicated in article 124 of the Companies Act, the Board is to examine the case as soon as possible and, in view of the specific circumstances, decide on whether or not the director should remain in his or her position. Moreover, the Board is to render account thereof, in a reasoned manner, in the Corporate Governance Annual Report.

See sub-paragraphs: B.1.43 and B.1.44

Complies

33. That all directors clearly express their opposition when they consider that a given draft decision put to the Board may be contrary to the corporate interest. And that they likewise do so, especially the independent and other directors who are not affected by the potential conflict of interest, when decisions are involved which may harm the shareholders not represented on the Board.

Moreover, when the Board adopts significant or reiterated decisions in regard to which the director had made serious reservations, that the latter draw the pertinent conclusions, and, if said director chooses to resign, that he or she explain the reasons in a letter as referred to in the following recommendation.

This recommendation is likewise made in regard to the Secretary of the Board, even if said Secretary is not a director.

Complies

34. That 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 explain the reasons in a letter to be sent to all of the members of the Board. And, notwithstanding said resignation or dismissal, if this is reported as a relevant fact, that the reason for the resignation or dismissal be stated in the Corporate Governance Annual Report.

See sub-paragraph:B.1.5

Not Applicable

35. That the compensation policy approved by the Board deal at least with the following matters:

- a) Amount of fixed components, itemizing, if applicable, fees for attendance at Board and Committee meetings, and estimating the fixed annual compensation to which they give rise;
- b) Variable types of compensation, including, in particular, the following:
 - i) Types of directorships to which they apply, together with an explanation of the relative importance of the variable types of compensation with respect to fixed types;
 - ii) Criteria for evaluating results which serve as a basis for any right to compensation in shares, stock options or any variable component;
 - iii) Fundamental parameters and basis for any annual premium (bonus) system or other non-cash benefits; and
 - iv) An estimation of the absolute amount of variable compensation to which the proposed compensation plan will give rise, in terms of the degree of compliance with the hypotheses or objectives which it takes as a reference.
- c) Principle characteristics of the social welfare systems (for instance, additional pensions, life insurance and the like), with an estimation of their equivalent annual cost.
- d) Conditions to be respected in the contracts of those performing senior management duties as executive directors, among which are to be included:
 - i) Duration;
 - ii) Terms of advance notice; and
 - iii) Any other clauses regarding contract premiums, such as indemnity or golden parachute contracts for early rescission or termination of the contractual relation between the company and the executive director.

See sub-paragraph:B.1.15

Complies

36. That only executive directors be eligible for compensation in the form of company or group-company shares, stock options or market-indexed instruments, variable compensation linked to company performance or social welfare systems.

This recommendation will not apply to the granting of shares, when this is done under the condition that directors keep said shares until they resign from their directorship.

See sub-paragraphs:A.3 and B.1.3

Complies

37. That compensation paid to external directors be sufficient so as to compensate their dedication, qualification and responsibility required by the position, but not so high as to compromise their independence.

Complies

38. That the compensation related to the company results take into account any eventual qualified opinions stated in the external auditor's report and diminish said results.

Not Applicable

39. That in cases of variable compensation, compensation policies incorporate the technical precautions required so as to ensure that said compensation is in line with the professional performance of its beneficiaries and does not merely result from general market performance or from corporate sector activity performance or other similar circumstances.

Not Applicable

40. That the Board put to the vote of the General Shareholders' Meeting, as a separate item on the agenda, and for the purpose of consultation, a report on director compensation policy. Furthermore, that said report be made available to the shareholders, either separately or in any other way that the company considers advisable.

Said report is to focus especially on the compensation policy approved by the Board for the year already under way and, if applicable, the policy planned for future years. It shall cover all of the matters referred to in Recommendation 35, except for those points which may entail the disclosure of sensitive commercial information, and shall stress the most significant changes made in said policies with respect to the policy applied during the past year to which the General Meeting refers. It shall also include a global summary of how the compensation policy was applied during said past year.

That the Board likewise report on the role played by the Compensation Committee in drafting the compensation policy, and if external consultancy was used, identify the external consultants providing the service.

See sub-paragraph:B.1.16

Complies

41. That the Annual Report detail the individual compensation paid to the directors during the year, and that it include:

a) An itemized account of the compensation paid to each director, which is to include, if applicable:

- i) Director attendance fees and other fixed compensation;
 - ii) Additional compensation as chairman or member of a given committee of the Board;
 - iii) Any compensation in the form of profit-sharing or bonuses, and the reason for this compensation;
 - iv) Contributions on behalf of the director to defined contribution pension plans; or the increase in the director's consolidated rights, in cases of contributions to defined benefit plans;
 - v) Any indemnity agreed to or paid in the event of termination of the director's functions;
 - vi) Compensation received as director of other companies in the group;
 - vii) Compensation for the performance of the senior management duties of executive directors;
 - viii) Any other type of compensation other than the above, no matter what type or what company in the group pays it, especially when it is considered to be a related party transaction or when its omission distorts the true and fair view of the total compensation received by the director.
- b) An itemized account of any eventual granting to directors of shares, stock options or any other market-indexed instruments, detailing:
- i) The number of shares or options granted during the year and the conditions for their exercise;
 - ii) The number of options exercised during the year, indicating the number of shares affected and the exercise price;
 - iii) The number of options pending exercise at year-end, indicating their price, date and other exercise requirements;
 - iv) Any change during the year in the exercise conditions of the options already granted.
- c) Information regarding the relation, during said past year, between the compensation obtained by the executive directors and the results or other measures of company performance.

Explain

Although article 5.2 of the Rules of Procedure of the Board of Directors of Codere S.A. establishes the same obligation as that contained in the present recommendation, the truth of the matter is that currently the Company Annual Report does not include said individualized account of compensation paid, understanding said obligation to be complied with through the annual detailed, individualized and complete publication of the compensation payable to Directors in the Compensation Policy Annual Report of Codere S.A., a document which has been put to a vote by the General Meeting of Shareholders for advisory purposes in the years 2010 and 2011.

42. That when a Delegated or Executive Committee (hereinafter, "Delegated Committee") exists, the participation structure of the various categories of directors be similar to that of the Board itself and that its Secretary be the same as the Secretary of the Board.

See sub-paragraphs: B.2.1 and B.2.6

Not applicable

43. That the Board at all times be informed of the matters dealt with and the decisions adopted by the Delegated Committee, and that all members of the Board receive a copy of the minutes of the Delegated Committee meetings.

Not applicable

44. That the Board of Directors set up from among its members, in addition to the Audit Committee required by the Spanish Securities Market Act, a single Appointments and Compensation Committee, or two separate such Committees.

That the rules for the composition and running of the Audit Committee and the Appointments and Compensation Committee or Committees be stated in the Rules of Procedure of the Board, and that they include the following:

- a) That the Board appoint the members of these Committees, taking into account the knowledge, aptitudes and experience of the directors and the duties of each Committee; that it deliberate on the proposals and reports of these Committees; and that said Committees report to the Board on their activity and be held accountable for the work they have done, at the first Board plenum held after the Committee meetings;
- b) That said Committees be made up exclusively of a minimum of three external directors. This, notwithstanding the attendance of executive directors or senior management, when the Committee members so expressly agree;
- c) That the Chairs thereof be independent directors;
- d) That these Committees may obtain external consultancy, when they consider this advisable for the performance of their functions;
- e) That minutes be taken of these Committee meetings, with a copy being sent to all members of the Board.

See sub-paragraphs:B.2.1 and B.2.3

Complies

45. That the supervision of compliance with the internal codes of conduct and the rules of good corporate governance correspond to the Audit Committee, to the Appointments Committee or, if there are two separate Committees, to those of Compliance or Corporate Governance.

Explain

Among the functions of the Corporate Governance Committee is that of supervising and examining compliance with the Internal Rules of Conduct with respect to the Securities Markets, as well as to supervise compliance with the corporate governance rules applicable in said regard.

In relation to the Codere Group Code of Ethics and Business Conduct approved by the Board of Directors on 27 January 2011, evaluation of the degree of compliance therewith corresponds to the Safety and Compliance Corporate Management which will issue an annual report on the matter. Said report will be communicated to the Compliance Committee, and also to the President-CEO of Codere S.A. Any revision or updating which entails amendment of the Code of Ethics and Business Conduct will require approval by the Board of Directors of Codere S.A after a report by the Compliance Committee.

46. That the members of the Audit Committee, especially the Chairman thereof, be appointed taking into account their knowledge and experience in matters of accounting, auditing or risk management.

Complies

47. That listed companies have an internal audit function which, under the supervision of the Audit Committee, oversees the proper running of the information and internal control system.

Complies

48. That the person in charge of the internal audit function present to the Audit Committee the annual work plan, directly inform the Committee of any incidents which may arise in carrying out said plan, and submit to the Committee a report on its activities at the end of each year.

Complies

49. That the risk control and management policy identify at least the following:

- a) The various types of risk (operational, technological, financial, legal, reputation, etc.) faced by the company, including among the financial or economic risks contingent liabilities and other off-balance-sheet risks.
- b) The establishment of the risk level which the company considers acceptable;
- c) The measures planned to mitigate the impact of identified risks, should they materialize;
- d) The information and internal control systems which will be used to control and manage the aforesaid risks, including contingent liabilities or off-balance-sheet risks.

See sub-paragraphs: D

Complies

50. That the Audit Committee be entrusted to do the following:

1. In relation to the information and internal control systems:

- a) Supervise the process of drafting the financial information of the company and, if applicable, of the group, as well as the completeness of said information, revising compliance with regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of the accounting criteria;
- b) Periodically revise the internal control and risk management systems, in order that the principle risks may be adequately identified, managed and disclosed;
- c) See to it that the internal audit function is run independently and efficiently; propose the selection, appointment, reelection and dismissal of the person in charge of the internal audit system; propose the budget for this service; receive periodical information on its activities; and verify that senior management take into account the conclusions and recommendations contained in its reports;
- d) Set up and supervise a mechanism allowing employees to report confidentially, and where appropriate, anonymously, any irregularities which they note in the company and which may have repercussions, especially in regard to financial and accounting matters.

2. In relation to the external auditor:

- a) Submit to the Board proposals regarding the selection, appointment, reelection and replacement of the external auditor, as well as the auditor's contract conditions;
- b) Receive from the external auditor, on a regular basis, information on the audit plan and the results of the execution of said plan, and verify that senior management take into account the auditor's recommendations;
- c) Ensure the independence of the external auditor and, in this regard:
 - i) That the company communicate the change in auditor as a relevant fact to the Spanish Securities and Market Commission (CNMV), together with a

statement on the eventual existence of disagreements with the outgoing auditor and, if such disagreements had existed, what they consisted of;

ii) That it be ensured that the company and the auditor respect the regulations in force regarding the provision of services other than auditing services, the limits to the concentration of the auditor's business and, in general, all other norms established to ensure the independence of the auditors;

iii) That in the event that the auditor should choose to resign, the Committee examine the reasons why.

d) In the case of groups, favor that the auditor of the group take on the responsibility for auditing the companies comprising the group.

See sub-paragraphs: B.1.35, B.2.2, B.2.3 and D.3

Complies Partially

With respect to sub-paragraph 10.d, 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, in Codere S.A. corresponds to the Compliance Committee, in accordance with article 15 of the Rules of Procedure of the Board of Directors.

51. That the Audit Committee may request the presence of any company employee or manager, and even order that they appear without the presence of any other manager.

Complies

52. That the Audit Committee inform the Board, prior to the Board's adopting the corresponding decisions, about the following matters indicated in Recommendation 8:

a) The financial information which, given that it is a listed company, the company is required to make public periodically. The Committee should ensure that the intermediate accounts are drafted using the same accounting criteria as the annual accounts and, for this purpose, consider the suitability of a limited revision by the external auditor;

b) The creation or acquisition of shareholdings in special-purpose companies or those domiciled in countries or territories considered to be tax havens, as well as any other similar transactions or operations which, given their complexity, may diminish the transparency of the group;

c) Related party transactions, unless that function of prior report has been entrusted to another supervisory and control Committee.

See sub-paragraphs: B.2.2 and B.2.3

Complies

53. That the Board of Directors endeavor to present the annual accounts to the General Meeting without reservations or qualified opinions, and, in the exceptional case that there should be a reservation or qualified opinion, both the Chair of the Audit Committee as well as the auditors clearly explain to the shareholders the content and scope of said reservations or qualified opinions.

See sub-paragraph: B.1.38

Complies

54. That the majority of members of the Appointments Committee –or Appointments and Compensation Committee, if there is only one Committee- be independent directors.

See sub-paragraph: B.2.1

Explain

Of the four members on the Corporate Governance Committee, 50% of these are Independent Directors. The remaining 50% are Nominee Directors. This is in compliance with article 16 of the Rules of Procedure of the Board of Directors, which in dealing with the Corporate Governance Committee, establishes that all those forming part of said Committee must be external Directors at least half of which must be Independent Directors.

55. That the Appointments Committee, in addition to the functions indicated in the preceding Recommendations, be entrusted with the following functions:

- a) Evaluate the competence, knowledge and experience required on the Board; consequently define the functions and aptitudes required of the candidates who are to cover each vacancy, and evaluate the time and dedication required in order for them to carry out their functions adequately;
- b) Examine or organize, in a manner understood to be adequate, the succession of the President and the CEO and, if applicable, make proposals to the Board, in order that said succession may be carried out in an orderly and well-planned manner;
- c) Report any appointments and dismissals of senior management proposed by the CEO to the Board;
- d) Inform the Board of the diverse matters indicated in Recommendation 14 of this Code.

See sub-paragraph: B.2.3

Complies Partially

The function established under letter b) is not expressly attributed to the Corporate Governance Committee.

56. That the Appointments Committee consult with the company President and CEO, especially in regard to matters pertaining to executive directors.

Furthermore, that any director be able to request that the Appointments Committee take into consideration potential candidates to cover director vacancies, if it considers such candidates suitable.

Complies

57. That the Compensation Committee, in addition to the functions indicated in the preceding Recommendations, be entrusted to do the following:

- a) Propose to the Board of Directors:
 - i) The compensation policy for directors and senior management;
 - ii) Compensation and other contract conditions for executive directors;
 - iii) Basic contract conditions for senior management;
- b) See to it that the compensation policy established by the company is observed.

See sub-paragraphs: B.1.14 and B.2.3

Complies

58. That the Compensation Committee consult with the company President and CEO, especially in regard to matters concerning executive directors and senior management.

Complies

G - OTHER INFORMATION OF INTEREST

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, mention this below and explain what it consists of.

In relation to sub-paragraph B.1.3, the Executive and Nominee Directors were reelected on the basis of the prior report by the Appointments and Compensation Committee, the functions of which were subsequently taken on by the Corporate Governance Committee.

In relation to sub-paragraph B.1.13, it should 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 5 beneficiaries of guarantee or golden parachute clauses indicated in the reply to this question, 4 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 5 have been duly authorized during the year 2011.

In relation to sub-paragraph B.1.26, it should be pointed out that article 3.2 of the Rules of Procedure of the Board establishes that it shall be endeavored that Independent Directors not remain as such for a period beyond 12 years, and that in the case whereby it is resolved to renew them in their post beyond said time period, the specific reasons for this must be explained in the Corporate Governance Annual Report. In this regard, see the reply to Recommendation F.29.

In relation to sub-paragraph B.1.29, it should be pointed out that the third Committee of the Board of Directors of Codere S.A., the Compliance Committee, met on six occasions in 2011. Additionally, the nine meetings of the Appointments and Compensation Committee which are indicated correspond to the meetings of the Corporate Governance Committee, the Committee which as from June 2010 took over the functions of the previous Appointments and Compensation Committee.

In relation to sub-paragraph B.2.1, it should be pointed out that 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 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.

In relation to sub-paragraph B.2.2, the function of establishing and supervising a mechanism allowing employees to communicate confidentially, and if deemed appropriate, anonymously, any potentially significant irregularities, especially those of a financial and accounting nature, corresponds, in accordance with the Rules of Procedure of the Board of Directors of Codere S.A., to the Compliance Committee.

In paragraph C.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 of 488,000 euros, although the service provider is the law firm Despacho Loyra Abogados, of which said Director is Partner Manager.

Any information, clarification or nuance related to the preceding sections of this report may 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.

Binding Definition of Independent Director:

Indicate whether any of the independent directors has or has had any relation with the company, its significant shareholders or its managers, which, had it been sufficiently significant or important, would have made it impossible for the director to be considered independent in accordance with the definition contained in section 5 of the Unified Code of Good Governance.

NO

Date and signature:

This Annual Corporate Governance Report was approved by the Board of Directors of the Company, at its meeting held on

28/02/2012

Indicate whether any Directors have voted against or have abstained from the approval of the present report.

NO

Additional information to the Corporate Governance Annual Report Form presented by the company "CODERE S.A." pursuant to the stipulations of the Sustainable Economy Act which in its Final Provision Five introduced a new chapter VI under title IV of the Securities Market Act, entitled "The Corporate Governance Annual Report".

Sustainable Economy Act 2/2011 has amended Securities Market Act 24/1988, introducing a new chapter VI entitled " The Corporate Governance Annual Report", which changes the legal system in effect until now and introduces new reporting obligations for public listed companies.

Said chapter includes article 61 bis, which repeals and redrafts the content of former articles 116 and 116 bis of the Securities Market Act (LMV) and requires that the Corporate Governance Annual Report include a description of the principal characteristics of the internal systems of risk control and management, in relation to the financial reporting process.

In view of this, and insofar as the legislative processes required to develop a new CGAR form, the one corresponding to the year ended at 31 December 2011 uses the contents and structure of the form established in Circular 4/2007 of the Spanish National Securities Commission, whereas the contents included in the Sustainable Economy Act in regard to corporate governance, not included in said form, are incorporated by the preparation of the present document.

The foregoing having been said, we shall now specifically and in an individualized manner analyze those contents incorporated by the Sustainable Economy Act.

- **Description of the principal characteristics of the internal systems of risk control and management in relation to the financial reporting process (art. 61 bis 4,h LMV).**

Control Environment:

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 *"Powers reserved for the Board of Directors"* under Title II of *"Competences of the Board of Directors"*.
- (ii) The introduction, maintenance and supervision of the Financial Reporting Internal Control System is the responsibility of the Economic Financial Corporate Management, 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 review the internal control and risk management systems, in order that the principal 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.

Indicate whether the following exist, especially in regard to financial reporting:

- 1) 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 which 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 Resources Managements and Operational Managements 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 sets the guidelines and supervises actions related to the appointment, selection, career development, promotion and dismissal of managers, in order for the company to have the highly qualified personnel its requires for its management.

- 2) 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:

- 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).
- 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).

The Board of Directors is the organ in charge of approving and disseminating the Code of Ethics and the Security and Compliance Corporate Management is the area in charge of overseeing its compliance and of proposing corrective action and sanctions.

During 2011 the Company has worked to communicate and disseminate the Code of Ethics and Business Conduct 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 to be a lack of honesty the delivery of incorrect information, the incorrect organization of information or the intent to mislead those receiving it.

3) 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.

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 Channel is expected to be fully operative in all modalities and all countries in 2012.

The organ in charge of its management is the Security and Compliance Corporate Management, the Management in charge of analyzing confidentially all reports received, proposing corrective action and, if applicable, the pertinent sanctions.

4) 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.

There are training plans for personnel having responsibilities in preparing financial information, in the areas of accounting standards and auditing. During the year 2011, the Company has carried out training plans in regard to internal control for the maximum heads of Business Units, as well as specific training plans regarding internal control for certain areas, prompted by the project for improving the Financial Reporting Internal Control System in the Codere Group.

Risk Evaluation

What are the principal characteristics of the risk identification process, including those related to error or fraud, in regard to the following:

1) The process exists and is documented:

The Codere Group has an identification process for the principal risks which 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. Said Map is updated annually.

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.

2) 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, in 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
- Completeness: 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 in accordance with their accrual.
- 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 in a reliable manner 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 an ongoing process which 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 was recently analyzed in the second quarter of 2011, and it is established that said process will be revised and updated on an annual basis.

3) 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.

4) 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.

Given their importance for the activity and presence of the Codere Group, the most significant risk typologies considered have been the regulatory, socio-political, financial, technological, reputational and operational with respect to each Business Unit.

5) 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, 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, an acceptable risk level, 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.

Control Activities:

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, descriptive documentation regarding the cash flows from activities carried out by the Economic Financial Management 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.

During the second half of 2011, as a result of the analysis of the risks and the controls of processes having a significant impact on financial reporting, a financial reporting certification procedure has been proposed as an improvement, to be implemented during 2012.

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 Management is in charge of defining and proposing security policies, except for the physical safety of the Data Processing Center which is the responsibility of the Security and Compliance Management.

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 which are supervised by the Information Systems Management.

Information and Communication:

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 Management 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. Said Manual is reviewed with the aim to update it periodically.

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 information reporting for all of the Group units which 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.

Supervision of system operation:

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, reelection 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 review the internal control and risk management systems, in order to adequately identify, manage and disclose the principal risks.
- 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 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 Management which is directly under the Board of Directors through the Audit Committee, which supervises the internal audit services.

Among the Internal Audit Management 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 Management 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 Management 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. Specifically, in the second half of 2011 a process was carried out to identify and update financial reporting risks, and draw up the corresponding risk and control matrices for each business cycle identified as material.

Likewise, a specific 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. This Work Plan will be carried out during 2012 and will result in a specific report on the operation of the 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.

If the entity has a procedure by means of which the auditor, 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 publication of the regulated information) in an aim to obtain and analyze the information required for compliance with the competences with which it is entrusted. 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 Management (in charge of preparing the financial reporting) and the Internal Audit Management (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.

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, it should explain the reasons for this.

The FRICS information sent has not been subject to review by the external auditor given that the improvements and recommendations resulting from the Financial Reporting Internal Control System review process carried out in the second half of 2011 have just begun to be introduced, with review by the external auditor being foreseen once these have been fully introduced in 2012.

- **Information on securities not traded in a Community regulated market, identifying, if applicable, the various share classes and, for each share class, the rights and obligations conferred thereby, as well as the share capital percentage represented by company treasury stock and its significant variations (art. 61 bis 4, a, 3, LMV).**

There are no securities traded outside of the Community regulated market.

- **Information regarding regulations applicable to the amendment of corporate bylaws (art. 61 bis 4, a, 4, LMV).**

Article 19 of the Corporate Bylaws establishes 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 preemption 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 favorable 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.

Additionally, article 7 of the Rules of Procedure of the General Meeting of Shareholders of Codere S.A. 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".

Likewise, article 20.2 of the Rules of Procedure of the General Meeting of Shareholders of Codere S.A. in accordance with the provisions of the Corporate Bylaws indicates 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 preemption 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 favorable 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."

Lastly, article 286 of the Capital Companies Act establishes that in the case of amendment of the bylaws, the directors or, if applicable, the shareholders making the proposal will be required to draw up the full text of the proposed amendment and a written report justifying this, which, pursuant to

article 287 of the same legal text, are required to be made available to the shareholders at the registered office or to be sent free of charge to the shareholders should they so request.

- **Any restriction on the transferability of securities and any restriction on voting rights (art. 61 bis 4,b LMV).**

Restriction on transferability of securities

Codere S.A. does not establish in its Bylaws any restriction on the transfer of its securities.

Restriction on voting rights

The Corporate Bylaws of Codere S.A. do not place any restriction on voting rights.

- **Information regarding the powers of the members of the board of directors and, in particular, those related to the possibility of issuing or repurchasing shares (art. 61 bis 4,c,3, LMV).**

Codere S.A. appointed Mr. José Antonio Martínez Sampedro as Chief Executive Officer, and delegated in him all powers permitted by law and the corporate bylaws to be delegated by the Board of Directors.

Additionally, it must be pointed out that Codere S.A. granted general power of attorney without the possibility of substitution, to Ms. Encarnación Martínez Sampedro and to Mr. Luis Javier Martínez Sampedro. In both cases, power of attorney was approved by the Board of Directors and furthermore recorded in the Trade Registry.

The remaining members of the Board of Directors lack power of attorney to issue or repurchase company shares, or any other type of power of attorney.

In addition, at the General Meeting of Shareholders held on 9 June 2011 the following resolutions were adopted:

SIX.- Authorization for the acquisition of treasury stock, either directly or through Group companies.

1. Rendering null and void, in the part thereof which has not been used, the authorization for the acquisition of treasury stock granted under point five of the agenda of the General Meeting of Shareholders held on 10 June 2010, 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 acquisition price or consideration shall be the par value of the acquired treasury stock and the maximum price shall be the result of increasing by 20% the trading value at their acquisition date.

This authorization is granted for the term of eighteen months as from the date of this General Meeting, and is expressly subject to the limitation that at no time shall the par value of the treasury stock acquired under this authorization, added to that already owned by Codere, S.A. and any of its subsidiaries, exceed the maximum permitted by Law at any given time.

It is expressly stated that this authorization may be used totally or partially for the acquisition of treasury stock to be delivered or transferred to Consultants, Senior Management, Management and workers of the Company or of companies belonging to its group, either directly or as a consequence of the exercise by the former of their option rights, all of the foregoing in the context of remuneration systems indexed to the trading value of the shares of Codere, S.A. (ART. 146.1a) of the Revised Text of the Capital Companies Act).

2. Empower the Board of Directors, in the broadest terms possible, to exercise the authorization under this resolution, and to carry out the rest of the provisions contained herein, said powers being able to be delegated by the Board of Directors to any Director, the Secretary or the Deputy-Secretary of the Board of Directors, or to any other person expressly granted power of attorney by the Board of Directors in said regard.

- **Information regarding any significant agreements entered into by the company and which will enter into force, be amended or conclude in the case of a change in the control of the company as the result of a takeover bid, and the effects thereof, except when disclosure of this would be seriously harmful to the company. This exception will not apply when the company is legally required to publish this information (art. 61 bis 4, c, 4, LMV).**

In this respect, we can point out the following significant agreements:

1.- Senior Credit Line: On 15 June 2010 Codere S.A. renewed its senior credit line of 100 million euros which matured in October of 2010. The new Senior Financing Agreement (multi-currency and multi-borrower) increased the sum total to 120 million euros, extendible to 180 million euros at a +4.50% Euribor/Libor interest rate with a duration of three years.

In the case of a change in control of Codere S.A., the credit line would mature early, and all amounts owed under the credit would be immediately paid within the following two business days.

2.- Bond Issue for 100 million Euros: on 22 July 2010 the subsidiary of Codere S.A., Codere Finance (Luxembourg) S.A., launched a bond issue maturing in 2015, for a nominal value of 100 million euros, which was fully subscribed on that 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. since June of 2005, and which in aggregate entail a nominal amount of 760 million euros.

In the case of a change in control of Codere S.A., the bond holders would be able to request the early repurchase of all or part of their certificates.

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.

- **Information regarding agreements between the company and those holding administration and management posts or employees, providing for indemnity when these individuals resign or are dismissed unfairly or if the labor relation terminates as the result of a takeover bid (art. 61 bis 4, c, 5, LMV).**

In this respect it should be pointed out that several members of the management team of Codere have, at today's date, employment contracts which include provisions for special payments in the case of dismissal, in addition to any compensation which corresponds to them by law. The overall value of these payments, should they need be applied, would amount at 31 December 2011 to 1.42 million euros, whereas at 31 December 2010 said sum amounted to approximately 1.179 million euros.