

CODERE, S.A. AND SUBSIDIARIES

Audit Report,

Consolidated Annual Accounts and Consolidated Directors' Report for
the year ended 31 December 2014



INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED ANNUAL ACCOUNTS

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

To the shareholders of Codere, S.A.:

Report on the Consolidated Annual Accounts

We have audited the accompanying consolidated annual accounts of Codere, S.A. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes for the year then ended.

Directors' Responsibility for the Consolidated Annual Accounts

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the parent company's directors' preparation of the consolidated annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the consolidated annual accounts taken as a whole.

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

Opinion

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the consolidated equity and financial position of Codere, S.A. and its subsidiaries as at December 31, 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and other provisions of the financial reporting framework applicable in Spain

Emphasis of Matter

We draw your attention to Note 2.a.1 to the accompanying consolidated annual accounts, disclosing the Group's financial difficulties which have resulted in its defaulting on its main financial commitments in 2014 and to the date of the preparation of the accompanying consolidated annual accounts. The process of negotiation with creditors which started in 2013 has given rise to certain agreements which were made public in September 2014 and are explained in notes 3.f and 3.g to the accompanying consolidated annual accounts. As part of the terms of the agreements, the Group will shortly be starting up a procedure named a "scheme of arrangement" before the High Court of Justice of England and Wales in order to obtain favorable judicial authorisation for the implementation of the planned financial restructuring. The so-called Lock-up agreement, reached with a majority of bondholders and with the majority shareholders of Codere, S.A., and which the parties have until June 2015 to execute (with the possible extension of the period until August 2015), envisages the granting of a new senior financing facility to the Group of approximately Euros 253 million, with maturity in 2020. Similarly, it provides for a new bond issue amounting to Euros 675 million, maturing in 2020. Of these new bonds, Euros 200 million will be issued in cash and Euros 475 million will be exchanged for existing bonds. Subsequently, the bondholders will acquire a stake in the company's equity through the capitalisation of the other existing bonds amounting to Euros 636 million (adjustable amount at the date of execution based on total accrued interest), obtaining Codere shares representing 97.78% of share capital. Subsequently, and through the sale of shares by such bondholders to the company's two main executives, the bondholders' stake would be reduced to 78.2% of the Group's equity. While the Lock-up agreement is in effect and in accordance with the terms and conditions of the so-called standstill agreement, both the bondholders and the creditors of the senior financing facility in effect have undertaken not to exercise their rights of enforcement deriving from default by the Group. As indicated by the Directors in the aforementioned notes, at the date of preparation of the accompanying consolidated annual accounts, the parties signing the agreement continue working on defining the final documentation of the restructuring and meeting all the conditions to which they have committed within the stipulated time period, although it is not possible to determine whether the process will end successfully, triggering significant uncertainty concerning the Group's capacity to continue its operations. This matter does not modify our opinion.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' Report for 2014 contains the explanations which the parent company's directors consider appropriate regarding Codere, S.A. and its subsidiaries' situation, the development of their business and other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the directors' Report is in agreement with that of the consolidated annual accounts for 2014. Our work as auditors is limited to checking the directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from ABC, S.A. and its subsidiaries' accounting records.

PricewaterhouseCoopers Auditores, S.L.

Antonio Vázquez
February 27, 2015

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Consolidated Directors' Report for the year
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CODERE, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Thousand euro)

ASSETS	Note	At 31 December		
		2014	2013(*)	2012(*)
Non-current assets		1,204,579	1,302,315	1,583,378
Intangible assets	7	471,098	511,178	588,394
Property, plant and equipment	8	368,665	430,405	635,406
Investment properties	8	70,451	72,229	-
Goodwill	10	207,561	207,489	265,097
Equity method investments	9	12,415	11,666	12,407
Non-current financial assets	11	25,716	22,600	37,063
Non-current loans		18,091	17,213	18,533
Investments held to maturity		6,184	5,387	6,091
Other financial assets		1,441	-	12,439
Deferred tax assets	12	48,673	46,748	45,011
Current assets		334,730	349,590	351,626
Inventories	14	10,441	11,800	12,399
Accounts receivable	15	181,526	178,303	182,289
Trade and other receivables		30,585	24,394	21,987
Current tax assets		4,964	9,824	8,856
Sundry receivables		34,140	40,811	45,468
Tax receivables accrued		111,837	103,274	105,978
Financial assets	16	35,988	41,668	60,014
Short-term investment securities		106	1,218	2,531
Other loans and investments		35,882	40,450	57,483
Prepayments and accrued income		20,103	15,423	14,494
Cash and cash equivalents	24	86,672	102,396	82,430
TOTAL ASSETS		1,539,309	1,651,905	1,935,004

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

(*) Figures restated under IFRS 11. See Note 2.a) 2.

CODERE, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Thousand euro)

EQUITY AND LIABILITIES	Note	At 31 December		
		2014	2013(*)	2012(*)
Equity attributable to owners of the parent	17	(449,130)	(260,442)	(14,769)
Share capital		11,007	11,007	11,007
Share premium		231,280	231,280	231,280
Legal reserve and retained earnings (prior-year losses)		(350,750)	(173,316)	(25,368)
Transition reserves		4,060	4,214	4,399
Translation differences		(171,722)	(160,011)	(89,146)
Profit/(loss) for the year attributable to parent company's owners		(173,005)	(173,616)	(146,941)
Non-controlling interests		17,280	56,877	95,674
Total equity		(431,850)	(203,565)	80,905
			-	
Non-current liabilities		296,852	1,288,018	1,340,632
Deferred income		17	75	339
Non-current provisions	18	33,465	48,342	44,840
Non-current payables	19	147,525	1,126,508	1,160,822
Bank borrowings		89,299	102,739	100,591
Bonds issued		-	966,624	971,881
Other payables		58,226	57,145	88,350
Deferred tax liabilities	12	115,845	113,093	134,631
			-	
Current liabilities		1,674,307	567,452	513,467
Provisions and other	18	10,575	11,016	25,017
Bank borrowings	19	160,976	119,138	75,933
Bonds and other marketable securities	19	1,141,915	41,453	10,441
Other non-trade payables	19	209,603	246,607	258,686
Trade payables		119,601	128,006	128,943
Liabilities for current-year corporate income tax	19	31,637	21,232	14,447
TOTAL EQUITY AND LIABILITIES		1,539,309	1,651,905	1,935,004

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

(*) Figures restated under IFRS 11. See Note 2.a) 2.

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

	Note	Year ended 31 December	
		2014	2013(*)
Operating income	23	1,385,624	1,520,776
Revenue		1,377,175	1,513,355
Other income		8,449	7,421
Operating expenses	23	(1,361,500)	(1,531,535)
Consumables and other external expenses		(45,742)	(51,875)
Employee benefit expense	23.d	(240,130)	(300,108)
Depreciation and amortisation		(125,514)	(149,672)
Change in trade provisions		(1,993)	(2,116)
Other operating expenses	23.c	(936,255)	(970,428)
Asset impairment charges	7,8,10, 13	(11,866)	(57,336)
Profit/loss on retirement or disposal of assets	6	(3,347)	(6,489)
CONSOLIDATED OPERATING PROFIT/(LOSS)		20,777	(17,248)
Financial income		3,331	5,067
Financial expenses		(148,174)	(141,312)
Net foreign exchange gains/(losses)		(45,899)	(8,755)
CONSOLIDATED NET FINANCIAL INCOME/(EXPENSE)	23.g	(190,742)	(145,000)
CONSOLIDATED LOSS BEFORE INCOME TAX		(169,965)	(162,248)
Corporate income tax	21	(40,885)	(45,359)
Profit/(loss) for the year of companies consolidated by the equity method		2,967	2,334
CONSOLIDATED LOSS FOR THE YEAR		(207,883)	(205,273)
Attributable to:			
Non-controlling interests		(34,878)	(31,657)
Owners of the parent		(173,005)	(173,616)
Basic and diluted earnings per share (in euro)	23f	(3.80)	(3.74)
Basic and diluted earnings per share from continuing operations attributable to the owners of the parent company (in euro)	23f	(3.16)	(3.16)

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

(*) Figures restated under IFRS 11. See Note 2.a) 2.

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

	Year ended 31 December	
Note	2014	2013(*)
Loss for the year	(207,883)	(205,273)
Currency translation differences	(9,441)	(73,608)
Other comprehensive income for the year, net of tax	(9,441)	(73,608)
Total profit/(loss) for the year	(217,324)	(278,881)
Attributable to non-controlling interests	(32,608)	(34,400)
Attributable to owners of the parent company	(184,716)	(244,481)

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

(*) Figures restated under IFRS 11. See Note 2.a) 2.

CODERE, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Thousand euro)

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

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

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

CODERE, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Thousand euro)

	Share capital	Share premium	Legal reserve and retained earnings (prior-year losses)	Equity method company reserves	Transition reserves	Translation differences	Profit/(loss) attributable to the parent company	Equity attributable to parent company's owners	Equity attributable to non-controlling interests	Total equity
BALANCE at 31 December 2012	11,007	231,280	(25,368)	-	4,399	(89,146)	(146,941)	(14,769)	95,674	80,905
Application IFRS 11	-	-	(2,091)	2,091	-	-	-	-	-	-
BALANCE at 1 January 2013	11,007	231,280	(27,459)	2,091	4,399	(89,146)	(146,941)	(14,769)	95,674	80,905
Consolidated loss for the year	-	-	-	-	-	-	(173,616)	(173,616)	(31,657)	(205,273)
Other comprehensive income for the year	-	-	-	-	-	(70,865)	-	(70,865)	(2,743)	(73,608)
Total comprehensive income	-	-	-	-	-	(70,865)	(173,616)	(244,481)	(34,400)	(278,881)
Transfer to transition reserves	-	-	185	-	(185)	-	-	-	-	-
Changes in consolidation scope and business combinations	-	-	-	-	-	-	-	-	1,944	1,944
Reserves for treasury shares	-	-	232	-	-	-	-	232	-	232
Provision for options	-	-	(1,236)	-	-	-	-	(1,236)	-	(1,236)
Gain/(loss) on treasury shares	-	-	(188)	-	-	-	-	(188)	-	(188)
Dividends (*)	-	-	1,630	(1,630)	-	-	-	-	(6,341)	(6,341)
Transfer to retained earnings (prior-year losses)	-	-	(149,472)	2,531	-	-	146,941	-	-	-
Total changes in equity	-	-	(148,849)	901	(185)	-	146,941	(1,192)	(4,397)	(5,589)
BALANCE at 31 December 2013	11,007	231,280	(176,308)	2,992	4,214	(160,011)	(173,616)	(260,442)	56,877	(203,565)

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

(**) Figures restated under IFRS 11. See Note 2.a) 2.

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

CODERE, S.A. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
(Thousand euro)

		Year ended	
	Note	31 December 2014	31 December 2013
Consolidated profit/(loss) before income tax		(169,965)	(162,247)
Net financial income/(expense)		190,742	145,000
Operating profit/(loss)		20,777	(17,247)
Expenses that do not represent cash outlays		146,985	223,100
Depreciation and amortisation	5 & 6	125,514	149,672
Asset impairment	8	11,866	57,336
Other operating expenses	24	9,605	16,092
Income that does not represent an inflow of cash	24	(2,392)	(1,121)
Changes in working capital		(39,669)	(6,257)
Inventories		1,033	567
Accounts receivable		(2,010)	(8,020)
Accounts payable		(39,591)	(9,014)
Other		899	10,210
Income tax paid		(32,278)	(39,009)
NET CASH GENERATED FROM OPERATING ACTIVITIES		93,423	159,466
Purchases of property, plant and equipment and intangible assets		(83,641)	(112,614)
Proceeds from sales of fixed assets		6,679	207
Payments on non-current loans		(21,155)	(23,057)
Repayments received on non-current loans		21,011	24,336
Amounts paid on investments		(2,252)	(2,822)
Payments on other financial assets		(9,559)	-
Effect of divestments		(332)	-
Collection of dividends		2,024	1,630
Proceeds from other financial assets		-	24,634
Collection of interest		1,441	1,930
CASH FLOWS FROM INVESTING ACTIVITIES		(85,784)	(85,756)
Bond issues		-	-
Drawings on Codere senior debt		35,000	76,561
Net change in borrowings		35,000	76,561
Proceeds from bank borrowings		1,051	21,183
Repayment of bank borrowings		(11,989)	(41,644)
Net change in bank borrowings		(10,938)	(20,461)
Dividends paid		(4,656)	(5,877)
Payments on other financial liabilities		2,626	(10,622)
Repayments of other financial liabilities		-	8,509
Net change in other financial liabilities		2,626	(2,113)
Other cash flows due to impact of exchange rates on receipts and payments		(10,599)	(9,751)
Acquisition of own equity instruments		(108)	(539)
Disposal of own equity instruments		102	413
Net investment in treasury shares		(6)	(126)
Payment of interest		(31,197)	(83,640)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		(19,770)	(45,407)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(12,131)	28,303
Reconciliation:			
Cash and cash equivalents at beginning of the year		102,396	82,430
Effect of exchange rate fluctuations on cash and cash equivalents		(3,593)	(8,337)
Cash and cash equivalents at the end of the year		86,672	102,396
Net variation in cash position		(12,131)	28,303

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

(*) Figures restated under IFRS 11. See Note 2.a) 2.

CODERE, S.A. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
(Thousand euro)

1. General information

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

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

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

These consolidated annual financial statements were authorised for issue by the Board of Directors on 26 February 2015.

2. Accounting policies

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

a) Basis of presentation

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

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

a.1) Going concern

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

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

CODERE, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
(Thousand euro)

Factors generating uncertainty:

- As a result of its current financial situation Codere has been unable to meet payment commitments for half-yearly coupons due on bonds issued in EUR and USD during 2014 or the repayment commitment on the senior credit facility at the date of its maturity in February 2014. These failures to make payment constitute default events which entitle the bondholders to accelerate redemption of all bonds issued by the Group.
- At 31 December 2014, the Group presented equity attributable to the owners of the parent company of a negative 449,130 thousand euros, a reduction of 188,688 thousand euros with respect to the figure recognised at 31 December 2013. This reduction is mainly attributable to the loss recognised in 2014 attributable to the owners of the parent company of 173,005 thousand euros and an increase of 11,711 thousand euros in negative translation differences. At 31 December 2014, the Group had negative working capital in the amount of 1,339,577 thousand euros (2013: 217,862 thousand euros). The increase is due to the reclassification of Bonds to short-term.
- Since 2012, there have been de facto restrictions on the repatriation of part of the funds from Argentina. Argentina remains one of the main generators of cash for the Group. See Note 3.c) 1.

Factors mitigating uncertainty:

- During the first quarter of 2014, Codere, S.A. and some of its subsidiaries filed the notification provided for in Article 5 bis of the Spanish Insolvency Act with the Madrid Mercantile Court, in view of its difficulties in meeting their payment commitments. In all cases, when the four-month term provided for by law ended, no insolvency petition was filed by any of the companies involved or by creditors. The parties agreed to successive extensions of the deadline in order to avoid the enforcement of liability derived from the non-payment of the bond interest and negotiations were conducted which eventually made it possible to sign the agreement described below.
- On 23 September 2014 a Lock-up agreement was concluded between Codere, S.A., Codere Finance Luxembourg, S.A. and certain Codere Group companies with the holders of approximately 80.2% of EUR Bonds and 88.9% of USD Bonds. This agreement is explained in detail in Note 3.f and contains the essential terms for the restructuring of the Codere Group's capital and debt. At the time of preparation of these annual accounts, the Lock-up Agreement has been signed by 96.45% of EUR Bond holders and 97.47% of USD Bond Holders.
- The senior credit facility agreement which expired in February 2014 is under a "standstill" agreement linked to the Lock-up Agreement mentioned above (Note 3.g).
- Even though the Group's consolidated balance sheet in 2014 was affected by the maturity of financial liabilities that had not been settled, negative working capital is a common situation in the business area in which the Group operates, and within its financial structure. The average collection period in the gaming sector is very short, while the average supplier payment period is longer, enabling businesses to generate sufficient operating cash flow to cover working capital payment requirements.
- The Group generates positive cash flow from operating activities. Gross operating income (EBITDA, defined as operating profit plus depreciation and amortisation, plus changes in trade provisions, plus asset impairment testing, less receipts from fixed-asset disposals) for 2014 was above Codere Group management's forecast at the beginning of the year.
- During 2014 the group has renewed the financing facility in Mexico.

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Due to the circumstances described above, the directors consider that there is significant uncertainty as to the Group's capacity to continue in business if the milestones laid down in the above-mentioned agreements are not met in the terms and deadlines agreed by the parties.

a.2) New standards, amendments and interpretations issued

The new standards, amendments and interpretations that took effect in 2014:

Standards, amendments and interpretations	Description	Applicable for annual periods beginning on or after:
IFRS 10	Consolidated financial statements	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosure of interests in other entities	1 January 2014
IAS 27 (Revised)	Separate financial statements	1 January 2014
IAS 28 (Revised)	Investments in associates and joint ventures	1 January 2014
IAS 32 (Revised)	Offsetting financial assets and financial liabilities	1 January 2014
IFRS 10 (Revised)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities	1 January 2014
IFRS 11 (Revised)		
IFRS 12 (Revised)		
IFRS 10 (Revised)		
IFRS 12 (Revised)	Investment entities	1 January 2014
IAS 27 (Revised)	Disclosure of the recoverable amount of non-financial assets	1 January 2014
IAS 36 (Revised)		
IAS 39 (Revised)	Novation of derivatives and continuation of hedge accounting	1 January 2014

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

Standards, amendments and interpretations	Description	Applicable for annual periods beginning on or after:
IFRIC 21	Levies	1 January 2015
IAS 19 (Revised)	Defined benefit plans: Employee Contributions	1 February 2015
2010-2012 improvement project	Description	Applicable for annual periods beginning on or after:
IFRS 2	Share-based payments	1 February 2015
IFRS 3	Business combinations	1 February 2015
IFRS 8	Operating segments	1 February 2015
IFRS 13	Fair value measurement	1 February 2015
IAS 16	Property, plant and equipment	1 February 2015
IAS 24	Related party disclosures	1 February 2015
Improvement project 2011-2013 cycle	Description	Applicable for annual periods beginning on or after:
IFRS 1	First-time adoption of IFRS	1 January 2015
IFRS 3	Business combinations	1 January 2015
IFRS 13	Fair value measurement	1 January 2015
IAS 40	Investment properties	1 January 2015
Improvement project 2012-2014 cycle	Description	Applicable for annual periods beginning on or after:
IFRS 5 (*)	Non-current assets held for sale and discontinued operations	1 July 2016
IFRS 7 (*)	Financial instruments: disclosures	1 July 2016
IAS 19 (*)	Employee benefits	1 July 2016
IAS 34 (*)	Interim financial reporting	1 July 2016
Standards, amendments and interpretations	Description	Applicable for annual periods beginning on or after:
IFRS 14 (*)	Deferred regulatory accounts	1 January 2016
IFRS 11 (*) (Revised)	Accounting for acquisitions of interests in joint ventures	1 January 2016
IAS 16 (*) (Revised) and IAS (*) 38 (Revised)	Clarification of acceptable depreciation and amortisation methods	1 January 2016
IFRS 15 (*)	Revenue from contracts with customers	1 January 2017
IFRS 9 (*)	Financial instruments	1 January 2018
IAS (*) 27 (Revised)	Equity method in separate financial statements	1 January 2016
IFRS 10 (*) (Revised) and IAS (*) 28 (Revised)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
IAS (*) 1 (Revised)	Presentation of financial statements	1 January 2016
IFRS 10 (*) (Revised)		
IFRS 12 (*) (Revised) and IAS (*) 28 (Revised)	Investment entities: Applying the exception to consolidation	1 January 2016

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

The Directors consider that the adoption of these new standards in 2014 has not had any material impact on the Group's financial position, net asset value, income statement or duties of disclosure, with the exception of the effects of IFRS 11 which are explained below and the disclosures required under IFRS 12.

IFRS 11 addresses the accounting treatment of joint arrangements based on the rights and obligations arising from the agreement rather than the legal status. The types of joint arrangements are reduced to two: joint operations and joint ventures. Under a joint operation a member has direct rights over the assets and liabilities arising from the arrangement and therefore reflects its proportional interest in the assets, liabilities, income and expenses of the entity in which it participates. A joint venture is when a member is entitled to the profits or net assets of the entity in which it participates and therefore uses the equity method to account for its interest in the business. These agreements are to be accounted for by the equity method.

In accordance with the requirements of IFRS 8 "Accounting policies, changes in accounting estimates and errors" the above standards and amendments have been applied retroactively, restating the comparative information presented for 2013 in the preparation of which said requirements had not yet been applied, to make it comparable to the information at 31 December 2014.

In addition, in compliance with IAS 1 when an accounting policy is applied with retroactive effect, a comparative balance sheet is presented at 1 January 2013.

As a result of IFRS 11, the Group companies Hípica Rioplatense Uruguay, S.A. and New Joker, S.r.l, which were consolidated by the proportionate method in previous years are now regarded as joint ventures.

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The main impacts of the deconsolidation of HRU and New Joker are shown below:

	31 December 2013			31 December 2012		
	HRU	NEWJ	Total HRU and NEWJ	HRU	NEWJ	Total HRU and NEWJ
ASSETS						
Non-current assets	25,134	1,046	26,180	24,574	1,181	25,755
Fixed assets	21,768	978	22,746	19,691	1,175	20,866
Goodwill	-	60	60	-	-	-
Non-current financial assets	131	2	133	137	2	139
Deferred tax assets	3,235	6	3,241	4,746	4	4,750
Current assets	6,508	124	6,632	7,001	157	7,158
Current assets	6,358	42	6,400	4,705	36	4,741
Cash and cash equivalents	150	82	232	2,296	121	2,417
TOTAL ASSETS	31,642	1,170	32,812	31,575	1,338	32,913
LIABILITIES						
Non-current liabilities	11,476	35	11,511	13,825	(19)	13,805
Current liabilities	8,888	748	9,636	5,794	906	6,700
Current liabilities	7,267	748	8,015	4,094	906	5,000
Bonds and other marketable securities	1,621	-	1,621	1,700	-	1,700
TOTAL LIABILITIES	20,364	783	21,147	19,619	887	20,505

	31 December 2013		
	HRU	NEWJ	Total HRU and NEWJ
Operating income	24,663	1,245	25,908
Operating expenses	(19,662)	(1,586)	(21,249)
OPERATING PROFIT/(LOSS)	5,001	(341)	4,660
FINANCIAL RESULTS	(2,104)	(50)	(2,154)
Corporate income tax	(168)	(4)	(172)
PROFIT/(LOSS) FOR THE YEAR	2,729	(395)	2,334

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a.3) Comparability

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

b) Accounting policies

b.1) Consolidation

- *Subsidiaries and business combinations*

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

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

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

- *Joint ventures*

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

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

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

- *Investments in associates*

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

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

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

- *Disposals of subsidiaries*

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

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

b.2) Segment reporting

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

b.3) Foreign currency translation

b.3.1) Functional currency and presentation currency

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

b.3.2) Transactions and balances

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

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

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

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

b.3.3) Group companies

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

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

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

b.4) Intangible assets

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

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

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

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

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

These rates are regularly reviewed to ensure their accuracy.

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b.5) Property, plant and equipment

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

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

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

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

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

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The depreciation rates applied are as follows:

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

These rates are regularly reviewed to ensure their accuracy.

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

b. 5.1) Investment properties

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

b.6) Goodwill

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

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

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

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b.7) Impairment of non-financial assets

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

b.8) Financial assets

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

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

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

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

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

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

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b.9) Inventories

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

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

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

b.10) Impairment of financial assets

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

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

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

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

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b.11) Derivative financial instruments and hedging activities

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

The purpose of these hedge arrangements was to cover a significant portion of the Group's consolidated sales. These hedging arrangements were designed to mitigate the impact of changes in the aforementioned exchange rates with a view to minimising variability in the Group's consolidated revenue reported in euro. There are no hedges outstanding at 31 December 2014 or 2013.

b.12) Trade receivables

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

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

b.13) Cash and cash equivalents

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

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

b.14) Share capital

Ordinary shares are classified as equity.

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

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

b.15) Trade payables

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

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

b.16) Borrowings

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

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

b.17) Current and deferred income tax

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

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

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

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

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

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

b.18) Employee benefits

- Termination benefits

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

When an offer is made to encourage voluntary redundancy, the severance indemnities paid are valued on the basis of the number of employees expected to take up the offer. Benefits not falling due within 12 months of the balance sheet date are discounted to 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 at the amount accrued at the balance sheet date by those companies obliged to make such payments under applicable collective bargaining agreements.

- Share-based payments

The Group has considered compensation with share-based payments by virtue of the Lock-up agreement whereby the Company receives services from employees and external advisors as consideration in exchange for Group equity instruments after the financial restructuring. The fair value of the employee received from employees and external advisors in exchange for these options is recognised as an expense. The total expense is determined by reference to the fair value of the shares granted, bearing in mind, among other questions, the accrual period, vesting date, and probability of compliance with the vesting conditions. See Note 4.f).

b.19) Provisions and contingent liabilities

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

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

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

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

b.20) Revenue recognition

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

The Group recognises revenue as follows:

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

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

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

b.21) Leases

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

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

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

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The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

b.22) Earnings per share

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

3. Financial risk management targets and policies

a) Sources of funding and gearing policy

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

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

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

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

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

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

b) Group's main risk factors

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

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c) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. At 31 December 2014 and 2013, the Group does not use any hedging instruments.

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

c.1) Market risk

Foreign exchange risk

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

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

During 2014 no hedging instruments have been arranged.

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

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

Currency	Exchange rate at 31.12.2014	Thousand euro			
		Euro loses 10%		Euro appreciation 10%	
		Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
ARS/EUR	10.4074	(2,463)	-	2,463	-
BRL/EUR	3.2249	-	1,744	-	(1,744)
COP/EUR	2904.44	23	-	(23)	-
USD/EUR	1.2141	275	-	(275)	-
UYU/EUR	29.5864	(443)	-	443	-
MXN/EUR	17.8895	561	968	(561)	(968)
CLP/EUR	0.0014	-	-	-	-

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

Currency	Exchange rate at 31.12.2013	Thousand euro			
		Euro loses 10%		Euro appreciation 10%	
		Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
ARS/EUR	9.0114	(803)	-	803	-
BRL/EUR	3.2307	-	1,609	-	(1,609)
COP/EUR	2657.29	(10)	-	10	-
USD/EUR	1.379	1	-	(1)	-
UYU/EUR	29.5500	(556)	-	556	-
MXN/EUR	18.0200	1,223	-	(1,223)	-

Currency	Exchange rate at 31.12.2013	Thousand euro			
		US Dollar loses 10%		US Dollar appreciation 10%	
		Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
ARS/USD	6.5210	(2,081)	(333)	2,081	333
BRL/USD	2.3426	281	2,226	(281)	(2,226)
COP/USD	1926.83	25	-	(25)	-
MXN/USD	13.0652	13,093	36,233	(13,093)	(36,233)
UYU/USD	21.4200	1,944	-	(1,944)	-
EUR / USD	0.7251	953	(32,077)	(953)	32,077

Price risk

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As a gaming operator, and as it does not hold investment securities classified as available for sale or at fair value through profit or loss, the Group is not exposed to this type of risk except in certain one-off cases such as the Icela purchase option subject to a change in the underlying values, for which a specific appraisal is carried out, and which matured in 2014.

Interest rate risk

The Group has issued fixed-coupon bonds in international markets with face values of 760 million euros and 300 million US dollars. The rest of the Group's financial debt which totalled approximately 250 million euros at 31 December 2014, is mostly benchmarked to variable interest rates (Euribor/Libor/the Mexican Interbank Equilibrium Interest Rate).

Given this capital structure, and as bonds issued at fixed rates represent almost 82% of the Group's current worldwide indebtedness, the Group's exposure to this type of risk at the balance sheet was moderate, as is its potential impact on profit or loss. Notes 3.f) and 3.g) gives details of the interest rates that the Group expects to be applied as from 2015 for bonds and senior credit facilities.

Sensitivities to interest rate movements are detailed below:

Item	Increase (+) / decrease (-) in interest rates (basis points)	Thousand euro	
		2014	2013
Effect on profit or loss after tax effect	+50	(970)	(807)
	-50	970	807
Effect on equity	+50	(970)	(807)
	-50	970	807

Distribution of unallocated income

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

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

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

c.2) Credit risk

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

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

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

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

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

Maximum exposure

The Group's exposure to credit risk, mitigated by its own revenues, is mainly attributable to trade receivables on ordinary operations, principally advances paid to the owners of food and drink establishments against their share of the proceeds from the gaming machines located in their premises and balances receivable from the CIE Group companies. The amounts recorded in the consolidated balance sheet, net of provisions for bad debts, were 74,793 thousand euros and 70,286 thousand euros at 31 December 2014 and 2013, respectively.

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

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

The provisions for receivables impairment at 31 December 2014 and 2013 are disclosed in note 15. These provisions represent the Group's best estimate of the losses incurred in respect of its receivable balances.

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The Group's maximum exposure to credit risk at 31 December 2014 and 2013, broken down by type of financial instrument, is as follows:

	Thousand euro	
	2014	2013
Trade receivables	63,240	70,238
Cash and cash equivalents	86,672	102,396
Other financial assets	29,640	36,362
	179,552	208,996

c.3) Liquidity risk

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

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

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

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The table below shows how the Finance Department manages net liquidity, based on the contractual cash flows and the remaining period to the contractual maturity date of the Group's financial assets and liabilities, excluding trade receivables and payables, at 31 December 2014 and 2013:

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

	Thousand euro				
	Balance at 31/12/2013	Between 01/01/2014 and 31/03/2014	Between 01/01/2014 and 31/12/2014	Between 01/01/2014 and 31/12/2015	Between 01/01/2014 and 31/12/2019
Current assets					
Short-term investment securities	1,218	1,218	1,218	1,218	1,218
Cash and cash equivalents	102,396	102,396	102,396	102,396	102,396
Total current assets	103,614	103,614	103,614	103,614	103,614
Non-current liabilities					
Bonds, debentures and other marketable securities	966,624	-	-	760,000	971,881
Non-current bank borrowings	102,739	-	-	70,635	102,739
Total non-current liabilities	1,069,363	-	-	830,635	1,074,620
Current liabilities					
Short-term debentures and bonds	41,453	41,453	41,453	41,453	41,453
Bank borrowings	119,138	110,199	119,138	119,138	119,138
Total current liabilities	160,591	151,652	160,591	160,591	160,591
Net liquidity	(1,126,294)	(47,993)	(56,932)	(887,567)	(1,131,552)

The tables above do not include cash flows from the Group's operating activities or the repayment of debt or contractual payment of interest in the periods indicated. The interest due and payable for FY 2014 on bonds issued by Codere Finance (Luxembourg), S.A. amount to approximately 133 million euros (including 5 million euros for default interest). These bonds account for almost 82% of the Group's current financial debt.

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Notes 3.f) and 3.g) describe in detail the Lock-up and Standstill agreements whereby the debt restructuring will presumably be arranged.

d) Capital management

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

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

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

At 31 December 2014, the Group presented equity attributable to the owners of the parent company of a negative 449,130 thousand euros, a reduction of 188,688 thousand euros with respect to the figure recognised at 31 December 2013. This reduction is mainly attributable to the 173,005 thousand euro loss recognised in 2014 and the negative variation in currency translation differences of 11,711 thousand euros. The loss for the year was mainly the result of the following factors:

- Decrease in income in the Group's main markets mainly triggered by the depreciation of the Argentinian peso and the worsening of market conditions in Mexico.
- Impairment of assets in Carrasco and Mexico for a joint amount of 11,866 thousand euros (Note 13).
- Ruling by the Court of Auditors in Italia
- Expenses arising from financial and legal advice associated with the debt renegotiation process.
- Increase in financial expenses due to non-payments.
- Increase in negative differences on exchange resulting from the US dollar appreciation during 2014.

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

e) Fair value estimation

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

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

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

Assets /(liabilities) (Level 2)	Thousand euro	
	2014	2013
Reserve for options	(4,454)	(5,158)
Other financial assets	-	5,327

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

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

- The fair value of the option on the sale of shares to various Codere directors is calculated taking into account the volatility of the security, the redemption value of the loans and other factors.
- The fair value of the option to purchase 15.2% of Icela was calculated on the basis of the volatility of Codere's share price and comparables, taking into account multiples at the valuation date. During the year, as the purchase option was not exercised on the vesting date in June 2014, it was written off against net financial income (Note 19).

Fair value of financial assets and liabilities at amortised cost

The information available in financial sources on the market value of the bonds issued by the Group at 31 December 2014 amounts to 640,285 thousand euros (551,523 thousand euros at 31 December 2013). However, the Group considers that the figure indicated by the financial news agencies (such as Reuters or Bloomberg) as market value is not representative of the fair value of said instruments as indicated in the reports by our financial advisors, Perella Weinberg Partners, and the advisors of the bond holders themselves, Houlihan Lokey (financial advisors of the ad-hoc Bondholder Committee). There are various reasons for which they cannot be regarded as such. Firstly, the bond market is an over the counter market. In an over the counter market prices are negotiated privately and confidentially by the parties based on their own criteria and interests, with no obligation to report the results or the conditions of the transactions. Accordingly, there is no official quoted bond price and the prices reported by the various sources might not reflect the actual prices at which the transactions have been performed, nor represent the transactions carried out as a whole. Secondly, the bond market shows a minimum liquidity following the conclusion of the Lock-Up Agreement because, although that information is not public, the changes in ownership of the bonds covered by the Lock-Up must be reported to the designated agent in order to ensure that the obligations undertaken when signing the Lock-Up Agreement by the former holders are fulfilled.

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The implementation of the restructuring described in the Lock-Up Agreement will entail the capitalisation of part of the debt: the remaining debt will be 42.7% of existing debt. The shares, as reflected in the valuation reports by Duff & Phelps and Deloitte (as mentioned in the Relevant Fact describing the restructuring agreement) would not contribute any additional economic value.

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

Likewise, for the remaining financial liabilities, setting aside the effect that the debt renegotiation being carried out by the Group might have, their value at amortised cost, subject to variable market conditions and to the lack of risk indications in the subsidiaries that hold these liabilities, does not differ from their fair value.

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

Fair value of investment properties

In the case of Centro Banamex, its fair value amounted to 93 million euros according to the valuation performed by a recognised independent expert in 2012. This valuation was made in the context of the acquisition of Icela. However, it has been considered that an ad-hoc valuation for said property that applied objective and comparable property market criteria, would not be in line with the best indicator of the property's fair value as the property is subject to a 50-year government concession (expiring in 2048), with certain conditions for its exploitation as a private service which mean that it is not comparable. The Group has restated the fair value of said property on the basis of estimated future flows according to the lease contract described in Note 8, where both flows and investment commitments are defined under the assumption that the contract will remain in force (with growth and considering a discount rate of 10.59% in line with that used in the asset impairment analysis for the Mexican CGU. The growth rate used to calculate each unit's terminal value is the long-term consumer price index forecast for each country taken from macroeconomic forecasts, which in Mexico's case is 3%. Based on said analysis, the fair value at 31 December 2014 is 79.8 million euros.

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

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f) Lock-Up Agreement

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

At the meeting of the Company's Board of Directors held on 23 September 2014, the Board members José Antonio Martínez Sampedro, Encarnación Martínez Sampedro and Javier Martínez Sampedro stated that they were in a situation of conflict of interest with the Company in relation to the second item on the agenda concerning the conclusion of the Lock-Up Agreement and accordingly they abstained from taking part in the discussion and vote on the decision concerning the proposed restructuring and the signing of said agreement.

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

The main features of the agreement, as reported as a Relevant Fact to the CNMV on 23 September 2014, are the following:

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

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

For its part, Codere has decided to instigate proceedings before the High Court of Justice of England and Wales known as a scheme of arrangement under the UK Companies Act 2006 (the "Scheme") to obtain necessary judicial authorisation to implement the Restructuring and which includes (amongst other things) the following:

- (a) granting of a 253 million euro first lien term loan facility (the "New SFA") which, together with the proceeds of the New Cash Notes Subscription, will replace the existing senior facilities agreement and provide financing for future working capital

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and projects. The facility will have a maturity of five years and will bear interest at the EURIBOR (subject to 1.00% floor) + 7.00% per annum payable in cash.

- (b) New bond issue through a newly incorporated company for 675 million euros (350 million second lien and 325 million third lien). Of the total, 200 million will be issued in cash and 475 million will be exchanged for existing bonds (150 million second lien and 325 million third lien). These bonds mature in 5 years and 3 months. The second lien bonds will bear interest at 5.5% per annum in cash plus 3.5% PIK and the third lien bonds will bear interest at 9% per annum PIK (payment in kind).
- (c) Bond capitalisation: existing bondholders will convert part of the remaining claims of the Existing Noteholders for principal and interest in respect of the Existing Notes (in aggregate amounting to circa 636 million euros) into 97.78% of the ordinary issued share capital of Codere, leaving existing shareholders with 2.22%. Since it is a listed company, Codere will be required to file a prospectus for this capital increase with the CNMV for its approval.

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

- (i) 61.20% for Existing Noteholders participating in the New Cash Notes Subscription;
- (ii) 10% for the Backstop Notes Parties (who shall also be entitled to receive a cash backstop fee amounting to 5% of the total amount of the New Cash Notes Subscription);
- (iii) 1% for the Backstop SFA Parties (who shall also be entitled to receive a cash backstop fee amounting to 2% of the total amount of the New SFA);
- (iv) 4% for the holders of second lien Notes; and
- (v) 2% for the holders of third lien Notes.

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

The percentage shareholdings described above will be further diluted by (a) the subsequent issuance of 2% of the fully diluted equity of Codere to a global coordinator (Silver Point Finance LLC) by way of a fee for its role and (b) the exercise of warrants to be issued to management pursuant to a management incentive package (the "Management Warrants").

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

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

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

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

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

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

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

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g) Stand-Still Agreement

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

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

The agreement also provides for changes in ratio compliance requirements, which are altered as follows:

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

At the end of 2014, the Codere Group complied with both these ratios.

4. Accounting estimates and judgements

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

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

a) Estimated impairment of goodwill

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

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

b) Corporate income tax

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

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

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

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

c) Fair value of derivatives and other financial assets

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

d) Provisions for litigation and other contingencies

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

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e) Lawsuits in Italy, Mexico and Columbia

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

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

(a) Failure to implement the IT network in the timeframe set. This failure was originally quantified at 480 thousand euros.

(b) Failure to activate the network in the timeframe set. This failure was originally quantified at 1,200 thousand euros.

(c) Failure to complete the connection of the network in the timeframe set. This failure was originally quantified at 1,778 thousand euros.

(d) Failure to meet minimum service level requirements. This failure was originally quantified at 3,043,288 thousand euros.

In 2013 and 2014, the key points with regard to these non-compliances and claims by the Court of Auditors and the AAMS are:

Claims presented by the AAMS:

Following a series of legal proceedings, on 12 January 2010 the Lazio Regional Administrative Court (TAR Lazio) ruled against the various appeals lodged by the concessionaires including Codere Network, S.p.A and upheld the fines imposed by the AAMS with regard to points (a), (b) and (c) above, albeit reducing the total amount to 675 thousand euros. Codere Network, S.p.A contested these new rulings before the State Council, which on 20 May 2011 issued a ruling in which the three penalties imposed by the AAMS mentioned above were annulled. In July 2011 Sogei SpA (public corporation of the Ministry of Economy) filed an appeal as an affected third party which had been held liable for the delay in the activation of the networks. On 27 January 2014 the ruling of the Council of State dismissing the appeal lodged by Sogei was published, thereby consolidating definitively the decision of the appellate judge who declared the absence of an evidence of illegality in the concessionaires' conduct and annulled the first three penalties.

With respect to the administrative proceedings concerning the non-compliance detailed in point (d) above, in February 2012 the AAMS deemed the proceedings to be concluded and notified concessionaires of the penalties, with the fine applicable to Codere Network, S.p.A. totalling 2,730 thousand euros. Following the appeal lodged by Codere Network on 17 June 2013, the Lazio Regional Administrative Court issued a ruling accepting Codere's appeal and annulling the fourth penalty for non-compliance with section (d). On 28 January 2014 the AAMS appealed against the ruling that annulled the penalty imposed referred to in section (d). The appeal hearing has been set for 26 May 2015.

On the basis of reports by its legal counsel, the Group's directors consider that there are solid arguments for continuing with the appeals.

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Claims presented by the Court of Auditors:

Concerning these same penalties and the Court of Auditors, following a series of legal proceedings, on 11 October 2010 it issued a ruling ordering the company Digit S.p.A (a non-profit public body) to carry out a technical study into the problems encountered by the concessionaires 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 concessionaires.

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 assessment of the non-compliance at 3,043,288 thousand euros.
- It rejected the bid by the concessionaires (including Codere Network S.p.A) to have the claim declared void.

On 10 October 2011, Digit S.p.A presented its expert report to the Court of Auditors indicating that the concessionaires should not be held liable to pay the amount claimed by the tax authority, and stated that AAMS held the greatest liability for the absence of connection of the machines to the concessionaires' networks within the deadline set for the concession.

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

In addition, the tax authority requested fines for Codere Network equivalent to 1% of the fine in respect of breach of compliance with point (d) above (30 million euros) and 50% of the amount of the fine handed down in the ruling (57.5 million euros).

In October 2013, the Court of Auditors offered all the concessionaires the option provided for in Italian law of terminating the entire process through the payment of 30% of the amount of the penalty (34.5 million euros in the case of Codere Network). Six of the ten concessionaires took advantage of this possibility and paid 30% of their penalties. In the hearing in January 2014, two of the remaining concessionaires requested the termination of the proceedings through the payment of 10%. One of them filed additional appeals within the proceedings. The Court of Auditors decided to offer the first of them a conciliation at 30% (payable in March 2014). The second concessionaire is awaiting the outcome of the new appeals. For the other two concessionaires (including Codere Network) a new hearing was set for 9 July, which was later deferred to 15 October 2014.

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

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(ii) Tax litigation in Mexico

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

- Codere Mexico and one of its subsidiaries are currently undergoing an inspection for years 2008 and 2009 by the Mexican Tax Administration Service, which is expected to conclude in 2015. In addition, in December 2014 a notification was received of the rejection of an appeal filed by Codere Mexico in relation to the inspection assessment issued in 2012 which resulted from the disallowance of the deduction of certain losses due to exchange rate fluctuations in 2008. To instigate nullity proceedings against the assessment, guarantees will need to be presented to the Mexican Tax Administration Service.
- Claim by the Mexican Tax Administration concerning an import of machines by Codere in 2009 and 2010 in which penalties are demanded due to the nonfulfillment of official Mexican regulations on machinery imports.
- Claim by the Mexican Tax Administration concerning the failure to pay gaming tax (IEPS) on certain bank deposits.
- Claim by the Finance Secretariat of the Federal District of Mexico in relation to the non-payment of local tax on prizes paid and the incorrect reduction of the prizes in the calculation of the tax base.

The claims associated with these proceedings amount to a maximum of 57.5 million euros. On the basis of reports from its legal advisers, the Group's directors consider that the provisions made to cover the risks associated with the Mexican operations are sufficient and adequate (Note 18.1).

(iii) Gaming taxes in Colombia

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

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

In September 2013, the Council of State of Colombia reopened the proceedings. On 19 December 2013, Codere Colombia filed an extraordinary appeal for review before the Council of State requesting the annulment of the judgment against Codere Colombia. Based on the opinion of the Company's legal advisers, a provision was recorded at the end of 2013 to cover this risk in the amount of 4,300 million Colombian pesos (equivalent to 1.5 million euros at 31 December 2014).

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On 8 October 2014 Codere Colombia received notification of the admission of the extraordinary appeal for review. In the opinion of the Company's legal advisers, the admission of the appeal improves the possibilities of a favourable ruling for the Company.

f) Impacts of the Lock-Up Agreement in 2014

As a result of the Lock-Up Agreement described in Note 3.f), certain obligations have arisen the recognition of which at 31 December 2014 requires certain estimates, which are described below:

- Global Coordination Fee: The LUA provides for a "coordination fee" payable via the issuance of 2% of post-restructuring capital, also recognising that this fee covers services rendered since May 2013.
- First tranche of Warrants to Key Executives consisting of 5% of new shares whose issue price will be calculated based on a valuation by the Company which assumes the implicit recovery of all the amounts owed to the existing bondholders before the restructuring is completed.

In both cases, and as the fair value of the services received cannot be reliably estimated, the best reference is the fair value of the equity instruments granted.

Concerning the Global Coordination Fee, the Group bases its best estimate on two valuation reports by independent experts which conclude that the share price of the shares is not a valid reference value. For this reason, on the basis of these valuations, the Group has established a range of equity values following the restructuring that vary from a negative figure of 111 million euros to a positive figure of 64 million euros. Various probabilities have been allocated this range until the recorded figure of 51 thousand euros has been arrived at as the expense accrued with respect to this remuneration to 31 December 2014.

In addition, referring to the first tranche of warrants, the remote possibility of occurrence is taken into account as a key variable when determining their zero value.

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

g) Significant non-controlling shareholdings

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

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

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

5. Segment information

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

The Group manages its operations by business line and separately monitors the operating results from gaming machines, bingo halls, betting establishments, casinos and head office expenses. Nevertheless, on occasions different types of operation converge within the same business line, as gaming machines are also installed in bingo halls and casinos. For this reason, the management information used for taking operational decisions is based on consolidated profits in each segment, as broken down in a) below.

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

The main operating segments and their trading activities are:

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

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a) Operating segments

Income statement at 31 December 2013	Spain	Mexico	Argentina	Colombia	Italy	Uruguay	Brazil	Panama	Head offices	Internal operations (*)	Total
Operating income											
Revenue from external customers	149,883	341,889	489,041	31,418	263,777	18,209	2,789	88,594	24	-	1,385,624
Intra-segment revenues	149,883	341,889	489,041	31,418	263,777	18,209	2,789	88,594	34,198	(34,198)	-
	149,883	341,889	489,041	31,418	263,777	18,209	2,789	88,594	34,222	(34,198)	1,385,624
Operating expenses											
Depreciation and amortisation	(17,432)	(58,360)	(13,435)	(4,236)	(16,156)	(2,735)	(461)	(11,401)	(1,298)	-	(125,514)
Change in business operations	(1,290)	(12)		235	(717)	(405)		196	-		(1,993)
Other operating expenses	(128,953)	(265,184)	(378,752)	(23,373)	(257,498)	(25,560)	(3,225)	(70,772)	(80,676)	-	(1,233,993)
	(147,675)	(323,556)	(392,187)	(27,374)	(274,371)	(28,700)	(3,686)	(81,977)	(81,974)	-	(1,361,500)
Profit/loss on retirement or disposal of assets	(2,692)	62	19	(1,169)	441	-	-	(1)	(7)	-	(3,347)
Intra-segment expenses	(3,346)	(8,515)	(16,933)	(1,102)	(1,380)	(63)	-	(2,859)	-	34,198	-
OPERATING PROFIT/(LOSS)	(3,830)	9,880	79,940	1,773	(11,533)	(10,554)	(897)	3,757	(47,759)	-	20,777
External financial income	151	804	11	65	904	10	30	373	983	-	3,331
Intra-segment financial income	-	-	-	-	-	-	-	-	47,356	(47,356)	-
External financial expenses	(3,224)	(6,041)	(4,998)	(269)	(1,177)	(2,659)	(7)	(858)	(113,447)	-	(132,680)
Inter-segment finance costs	(73)	(37,041)	(1,558)	53	(3,953)	(464)	(3,707)	(613)	-	47,356	-
Change in investment provisions	-	(5,436)	-	-	-	-	-	-	(10,058)	-	(15,494)
Net gains/(losses) on exchange	-	(15,720)	(8,795)	237	-	(4,724)	(163)	865	(17,599)	-	(45,899)
NET FINANCIAL INCOME/(EXPENSE)	(3,146)	(63,434)	(15,340)	86	(4,226)	(7,837)	(3,847)	(233)	(92,765)	-	(190,742)
PROFIT/(LOSS) BEFORE INCOME TAX	(6,976)	(53,554)	64,600	1,859	(15,759)	(18,391)	(4,744)	3,524	(140,524)	-	(169,965)
Corporate income tax	(922)	(11,762)	(33,078)	(875)	5,098	(44)	(524)	1,020	202	-	(40,885)
Equity method	-	(5)	-	-	(133)	3,105	-	-	-	-	2,967
PROFIT/(LOSS) FOR THE YEAR	(7,898)	(65,321)	31,522	984	(10,794)	(15,330)	(5,268)	4,544	(140,322)	-	(207,883)
CONSOLIDATED PROFIT / (LOSS)											
Attributable to:											
External shareholders	850	(29,670)	680	10	1,868	(9,057)	-	441	-	-	(34,878)
Parent company shareholders	(8,748)	(35,651)	30,842	974	(12,662)	(6,273)	(5,268)	4,103	(140,322)	-	(173,005)
CONSOLIDATED PROFIT/(LOSS)	(7,898)	(65,321)	31,522	984	(10,794)	(15,330)	(5,268)	4,544	(140,322)	-	(207,883)

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

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(**) Income statement at 31 December 2013	Spain	Mexico	Argentina	Colombia	Italy	Uruguay	Brazil	Panama	Head offices	Internal operations (*)	Total
Operating income											
Revenue from external customers	151,602	382,365	584,692	34,001	258,510	16,407	2,892	90,280	27	-	1,520,776
Intra-segment revenues	-	-	-	-	-	-	-	-	39,662	(39,662)	-
	151,602	382,365	584,692	34,001	258,510	16,407	2,892	90,280	39,689	(39,662)	1,520,776
Operating expenses											
Depreciation and amortisation	(23,779)	(68,796)	(17,005)	(4,743)	(17,654)	(2,518)	(497)	(13,360)	(1,320)	-	(149,672)
Change in business operations	(1,027)	-	-	143	(885)	(63)	-	(285)	1	-	(2,116)
Other operating expenses	(131,408)	(321,629)	(453,519)	(29,220)	(251,211)	(38,772)	(3,689)	(72,679)	(77,620)	-	(1,379,747)
	(156,214)	(390,425)	(470,524)	(33,820)	(269,750)	(41,353)	(4,186)	(86,324)	(78,939)	-	(1,531,535)
Profit/loss on retirement or disposal of assets	(1,129)	(3,834)	(49)	(733)	(542)	(9)	-	(55)	(138)	-	(6,489)
Intra-segment expenses	(6,774)	(6,456)	(20,326)	(1,243)	(1,717)	(165)	-	(2,981)	-	39,662	-
OPERATING PROFIT/(LOSS)	(12,515)	(18,350)	93,793	(1,795)	(13,499)	(25,120)	(1,294)	920	(39,388)	-	(17,248)
External financial income	977	1,340	515	36	1,818	67	-	76	238	-	5,067
Intra-segment financial income	-	-	-	-	-	-	-	-	45,434	(45,434)	-
External financial expenses	(2,864)	(13,735)	(17,201)	(496)	(600)	(2,018)	1	(1,262)	(102,311)	-	(140,486)
Inter-segment finance costs	138	(36,589)	(1,464)	32	(2,965)	(191)	(3,652)	(743)	-	45,434	-
Change in investment provisions	(2)	(78)	2,163	-	-	-	-	-	(2,909)	-	(826)
Net gains/(losses) on exchange	-	(976)	(10,478)	(169)	-	(3,305)	(199)	383	5,989	-	(8,755)
NET FINANCIAL INCOME/(EXPENSE)	(1,751)	(50,038)	(26,465)	(597)	(1,747)	(5,447)	(3,850)	(1,546)	(53,559)	-	(145,000)
PROFIT/(LOSS) BEFORE INCOME TAX	(14,265)	(68,388)	67,328	(2,392)	(15,246)	(30,568)	(5,144)	(626)	(92,947)	-	(162,248)
Corporate income tax	(209)	(19,977)	(18,791)	(436)	(2,052)	(2,130)	(515)	(1,090)	(159)	-	(45,359)
Equity method	-	-	-	-	(396)	2,730	-	-	-	-	2,334
PROFIT/(LOSS) FOR THE YEAR	(14,474)	(88,365)	48,537	(2,828)	(17,694)	(29,968)	(5,659)	(1,716)	(93,106)	-	(205,273)
CONSOLIDATED PROFIT / (LOSS)											
Attributable to:											
External shareholders	495	(16,643)	678	46	835	(16,161)	-	(907)	-	-	(31,657)
Parent company shareholders	(14,969)	(71,722)	47,859	(2,874)	(18,529)	(13,808)	(5,659)	(808)	(93,106)	-	(173,616)
CONSOLIDATED PROFIT/(LOSS)	(14,474)	(88,365)	48,537	(2,828)	(17,694)	(29,968)	(5,659)	(1,716)	(93,106)	-	(205,273)

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

(**) Figures restated under IFRS 11.

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

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

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(**) Balance at 31 December 2013	Spain	Mexico	Argentina	Colombia	Italy	Uruguay	Brazil	Panama	Head offices	Total
Intangible assets	38,385	291,893	102,227	-	50,712	290	649	23,501	3,521	511,178
Property, plant and equipment	53,185	224,692	51,662	18,084	24,989	38,853	732	17,152	1,056	430,405
Goodwill	21,865	82,479	26,847	-	50,821	-	-	25,477	-	207,489
Investment properties	-	72,229	-	-	-	-	-	-	-	72,229
Equity method investment	-	-	-	-	96	11,570	-	-	-	11,666
Non-current financial assets	5,443	1,439	3,145	30	6,530	-	-	3,665	2,348	22,600
Deferred tax assets	9,257	17,161	3,546	682	6,345	-	-	793	8,964	46,748
Other non-current assets	-	-	-	-	-	-	-	-	-	-
Current assets	25,890	142,256	47,709	5,745	53,848	11,529	664	16,274	45,675	349,590
TOTAL ASSETS	154,025	832,149	235,136	24,541	193,341	62,242	2,045	86,862	61,564	1,651,905
Deferred income	30	-	-	-	-	-	-	-	45	75
Provisions	608	17,652	5,556	1,674	20,637	-	-	2,215	-	48,342
Long-term payables	42,714	150,314	3,990	2,146	23,229	35,552	-	14,421	967,235	1,239,601
Current liabilities	59,048	191,645	81,755	6,676	45,792	8,187	2,784	21,005	150,560	567,451
TOTAL LIABILITIES	102,400	359,611	91,301	10,496	89,658	43,739	2,784	37,641	1,117,840	1,855,470
OTHER INFORMATION										
Investments in property, plant and equipment	13,205	7,472	24,630	1,131	12,220	16,777	50	816	401	76,702
Intangible assets	4,328	-	12,142	1,131	5,808	268	15	-	382	24,074
Property, plant and equipment	8,877	7,472	12,488	-	6,412	16,509	35	816	19	52,628
Expenses that do not represent cash outflows	2,768	3,648	2,609	740	507	101	16	-	138	10,527

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

(**) Figures restated under IFRS 11.

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b) Lines of business

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

6. Business combinations and changes in the scope of consolidation

a) Business combinations

a.1) FY 2014

During 2014 no business combinations have been carried out.

a.2) FY 2013

During 2013 there were no business combinations except for the purchase of Royal Jackpot for 150 thousand euros.

The contingent payment associated with the business combination of DP Services, S.r.l. in December 2013 was paid in the amount of 2,488 thousand euros. The 879 thousand euro difference with respect to the initial figure recognised was accounted for under Other operating expenses.

b) Changes in the scope of consolidation

b.1) 2014

The main changes to the scope of consolidation in 2012 are as follows:

- In January 2014 Carrasco Nobile, S.A. increased its capital by 1,427 thousand euros. The increase was subscribed by both shareholders.
- Codere Apuestas Cuenta, S.L. was incorporated on 21 January 2014.
- Codere Apuestas Cataluña, S.L. was incorporated on 15 April 2014.
- Codere Puerto Rico was liquidated on 16 April 2014.
- In April 2014 ICELA S.A.P.I de C.V. reduced capital by an amount equivalent to 4,630 thousand euros and reimbursed funds to its shareholders.
- Codere Sagunto, S.L. was incorporated on 21 May 2014.
- On 9 June 2014, the Group sold its holding in Resur Cadiz, S.L., generating a loss of 960 thousand euros.
- In July 2014 Operiberica, S.A. absorbed Codere Madrid, S.A., Codere Barcelona, S.A., Codere Valencia, S.A., Recreativos Mae, S.L. and Recreativos Populares, S.L.
- On 8 July 2014, the Group reduced its holding in Codere Interattiva Italia, SRL from 100% to 34%. The company changed its name to HippoBingo Firenze, SRL.
- On 11 July 2014 the Mexican companies Calle Icela Sapi de CV and Hotel Icela Sapi de CV. were incorporated, in which Codere México, S.A. de C.V holds a 49% interest. These

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companies engage in the construction and operation of hotels, restaurants, exhibition centres and conference centres. They are consolidated by the equity method.

- Codere Apuestas La Rioja, S.L. was incorporated on 22 July 2014.
- Codere Apuestas Extremadura, S.L. was incorporated on 12 September 2014.
- On 7 November 2014 Recreativos Ruan, S.L and Gistra, S.L. de Operiberica were demerged and contributed to Codere Sagunto S.L.U.
- On 12 November 2014 Codere Finance (UK) Limited was incorporated as part of the *scheme of arrangement* provided for in English company law the purpose of which is to obtain judicial authorisation to implement the restructuring (Note 3.f).
- Codere Apuestas Castilla Leon, S.L. was incorporated on 20 November 2014.
- The percentage interest in King Bingo, S.r.l and King Slot, S.r.l. was increased from 75% to 85% on 18 December 2014. The acquisition price of the 10% holding was 1,500 thousand in each company.
- On 26 December 2014 the percentage interest in Juegamax de las Americas S.A de CV and Impulsora Recreativa de Entretenimiento was increased from 43.25% to 84,8%%. The operation amounted to 3,948 thousand euros.
- On 26 December 2014 the percentage interest was decreased from 84.8% to 49% in Centro de Convenciones las Américas S.A de CV and Hotel Entretenimiento de Las Américas S.A de CV, following which these companies will be consolidated by the equity method.

In January 2015, Codere subscribed a capital increase by Carrasco Nobile, S.A. which increased its percentage interest in this company (Note 28).

b.2) 2013

Changes in the scope of consolidation in 2013 were as follows:

- On 1 January 2013 Operbingo Italia, S.P.A. absorbed Bingos Oasis, S.R.L., Bingo Re, S.R.L., Immobilgest, S.R.L., Maxibingo, S.R.L., Opergames, S.R.L., Operinvestments, S.R.L., Operslots Italia, S.R.L. and Winner Bet, S.R.L.
- On 1 January 2013 Codere Italia, S.P.A. absorbed Codestrada, S.R.L., Gaming New, S.R.L. and Opergiochi Italia, S.R.L.
- On 1 January 2013 Gaming Re, S.R.L. absorbed Gaming Service, S.R.L.
- Codere Alicante, S.L. was incorporated on 25 February 2013.
- On 15 March 2013, the Group acquired 51% of the shares of Royal Jackpot S.r.L for 150 thousand euros.
- On 27 May 2013 Codere Interactiva S.L. ceased to hold an interest of 49% in Codere Interattiva Italia S.R.L. which was acquired by Operbingo Italia S.P.A, increasing its interest from 51% to 100%.

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- On 23 July 2013 Codere Gandia S.A, which held shares in the Group companies Rospay S.L.U. and Primer Continente S.L.U., was sold. The sale generated a loss of 137 thousand euros.
- On 30 July 2013, the Group sold its holding in Codere Navarra S.L., generating a loss of 635 thousand euros.
- Codere Apuestas Castilla la Mancha, S.A. was incorporated on 13 November 2013.
- Codere Servicios Compartidos S.A. was incorporated on 22 November 2013.
- Codere Servicios, S.L. was incorporated on 17 December 2013.

In January and June 2013 the shareholders of Carrasco Nobile increased capital by 871 thousand euros and 1,112 thousand euros, respectively. Each shareholder contributed the corresponding percentage, this being 49% in the case of minority shareholders.

7. Intangible assets

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

FY 2014						Thousand euro
Costs	Balance at 31/12/2013	Additions	Disposals	Transfers/Reclassifications	Translation differences	Balance at 31/12/2014
Licenses	369,386	16	(277)	223	(13,183)	356,165
Trademarks	35,734	4	-	-	248	35,986
Rights	193,672	5,996	(10,909)	(75)	6,063	194,747
Computer software	37,845	2,359	(1,856)	(60)	(95)	38,193
Other intangible assets	22,483	615	(918)	(88)	73	22,165
	659,120	8,990	(13,960)	-	(6,894)	647,256
Accumulated amortisation	Balance at 31/12/2013	Additions	Disposals	Transfers/Reclassifications	Translation differences	Balance at 31/12/2014
Licenses	(26,500)	(11,412)	11	(123)	1,083	(36,941)
Rights	(87,142)	(21,147)	10,889	1,593	(2,896)	(98,703)
Computer software	(23,851)	(3,852)	529	(1,470)	(333)	(28,977)
Other intangible assets	(4,286)	(2,047)	193	-	(1)	(6,141)
	(141,779)	(38,458)	11,622	-	(2,147)	(170,762)
Provisions	(6,163)	-	767	-	-	(5,396)
Net carrying amount	511,178	(29,468)	(1,571)	-	(9,041)	471,098

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

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

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FY 2013	Thousand euro				
Costs	Balance at 31/12/2012	Additions	Disposals	Translation differences	Balance at 31/12/2013
Licenses	411,884	10,086	-	(52,584)	369,386
Trademarks	37,501	4	-	(1,771)	35,734
Rights	204,579	18,205	(24,442)	(4,670)	193,672
Computer software	36,135	2,767	(103)	(954)	37,845
Other intangible assets	23,211	321	(368)	(681)	22,483
Total	713,310	31,383	(24,913)	(60,660)	659,120
Accumulated amortisation	Balance at 31/12/2012	Additions	Disposals	Translation differences	Balance at 31/12/2013
Licenses	(20,832)	(9,993)	-	4,325	(26,500)
Rights	(78,763)	(25,081)	13,757	2,945	(87,142)
Computer software	(20,378)	(4,508)	35	1,000	(23,851)
Other intangible assets	(2,354)	(2,094)	36	126	(4,286)
Total	(122,327)	(41,676)	13,828	8,396	(141,779)
Provisions	(2,588)	(3,598)	23	-	(6,163)
Net carrying amount	588,395	(13,891)	(11,062)	(52,264)	511,178

The additions under "Licences" correspond primarily to the extension of five bingo operating licences in Buenos Aires province, the concessions for which will expire between 2016 and 2021.

The additions under "Rights" are mainly due to the acquisition of new VLTs machine licenses granted in Italy in 2013, which extend to 2022.

The disposals under "Rights" mainly reflect the derecognition of rights in Spain as a result of the reduction in the number of machines in operation in the course of 2013.

The provision relates to the impairment of Internet Spain, as detailed in Note 13.

7.a) Other information

The only intangible assets held by the Group with an indefinite useful life are non-amortisable installation rights and brands, in the amounts of 50,603 thousand euros at 31 December 2014 and 50,401 thousand euros at 31 December 2013.

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

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

	2014		2013	
	Trademarks	Non-amortisable installation rights	Trademarks	Non-amortisable installation rights
Spain	1,328	14,618	1,325	14,667
Mexico	34,657	-	34,409	-
	35,985	14,618	35,734	14,667

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

Asset type	Carrying amount	Remaining amortisation period
Gaming room licences, Argentina	83,779	Between 5 and 15 years
Casinos licences, Panama	20,507	Between 8 and 9 years
Gaming room licences, Mexico	219,984	Between 18 and 32 years
Gaming machine concession licences, Italy	17,707	Between 8 and 10 years

At 31 December 2014, the Group had no material commitment to acquire or sell intangible assets.

8. Property, plant and equipment and investment properties

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

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

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

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

Additions under Provisions in 2014 relate to the impairment of assets corresponding to the halls closed in Mexico. The re-opening of these halls at the date of these consolidated financial statements is regarded as remote (Note 28).

FY 2013

Thousand euro

Cost	Balance at 31/12/2012	Additions	Dispos als	Transfers/Re classificatio ns	Translation differences	Balance at 31/12/2013
Leisure machines	269,167	17,891	(26,227)	43	(31,510)	229,364
Gaming and sports betting machines	20,852	2,003	(875)	-	(1)	21,979
Furniture, fittings and equipment	90,398	4,428	(1,109)	(3,607)	(3,629)	86,481
Computer hardware	36,039	4,101	(663)	(670)	(3,350)	35,457
Prepayments and PPE under construction	55,461	2,061	-	(52,371)	(3,587)	1,564
Vehicles	6,431	332	(902)	(165)	(395)	5,301
Land	14,991	400	(325)	-	(1,144)	13,922
Structures and buildings	312,958	2,046	(6,113)	(88,886)	(9,749)	210,256
Work done to leased premises	187,366	11,891	(1,802)	41,218	(17,684)	220,989
Plant and machinery	75,239	2,265	(2,260)	(732)	(7,787)	66,725
Total	1,068,902	47,418	(40,276)	(105,170)	(78,836)	892,038
Accumulated amortisation	Balance at 31/12/2012	Additions	Dispos als	Transfers/Re classificatio ns	Translation differences	Balance at 31/12/2013
Leisure machines	(148,942)	(48,632)	22,498	-	18,167	(156,909)
Gaming and sports betting machines	(10,517)	(2,098)	413	-	-	(12,202)
Furniture, fittings and equipment	(40,973)	(11,581)	859	3,009	2,442	(46,244)
Computer hardware	(35,130)	(4,833)	723	1,317	2,495	(35,428)
Vehicles	(4,451)	(593)	740	82	451	(3,771)
Structures and buildings	(62,628)	(10,010)	1,672	17,931	2,384	(50,651)
Work done to leased premises	(66,908)	(22,453)	955	3,228	6,034	(79,144)
Plant and machinery	(49,669)	(6,064)	1,573	(67)	4,747	(49,480)
Total	(419,218)	(106,264)	29,433	25,500	36,720	(433,829)
Provisions	(14,278)	(13,431)			(95)	(27,804)
Net carrying amount	635,406					430,405

At 31 December 2013 heading "Provisions" mainly reflects, in the amount of 12,972 thousand euros, the decline in value of tangible fixed assets recorded in Colombia at the end of 2009, in addition to the impairment of the Hotel-Casino Carrasco in Uruguay, amounting to 13,400 thousand euros.

Transfers under "Prepayments and PPE under construction" in 2013 relate mainly to ongoing works completed in the Hotel Casino-Carrasco in Uruguay which was opened in March 2013. Additionally, transfers reflect the reclassification of the Banamex Centre from Property, plant and equipment to Investment property.

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

Disposals of Leisure machines relate mainly to Spain, Columbia, Panama and Italy.

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At 31 December 2014 and 2013 the value of assets acquired under finance leases was as follows (in thousand euro):

	Thousand euro					
	2014			2013		
	Cost	Accumulated depreciation	Net carrying amount	Cost	Accumulated depreciation	Net carrying amount
Leisure machines	18,985	(8,645)	10,340	63,269	(34,708)	28,561
Plant and machinery	10,637	(9,941)	696	10,534	(9,218)	1,316
Computer hardware	1,510	(842)	668	1,346	(497)	849
Vehicles	260	(233)	28	178	(146)	32
Total	31,392	(19,661)	11,732	75,327	(44,569)	30,758

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

The Group leases certain assets under operating leases. These leases correspond mainly to premises rented or operated under concessions in each of the Group's operating markets, including head offices, the premises where it operates gaming activities, car parks, etc. In most cases, the cost of these leases increases in line with inflation. These lease arrangements do not impose any restrictions on the Group. The lease expenditure charged to the income statement during 2014 and 2013 corresponding to operating leases totals 109,530 thousand euros and 118,502 thousand euros, respectively (Note 23). Lease contracts mature in three to 10 years.

The future aggregate minimum lease payments under non-cancellable operating leases on business premises, administration offices and vehicles at year-end 2013 are as follows:

	Thousand euro			
	Within 1 year	Between 1 and 5 years	More than 5 years	Total future payments
Total non-cancellable obligations	17,980	37,669	-	55,650

In 2014 the Group did not capitalise any borrowing costs (252 thousand euros in 2013) under PPE under construction in connection with construction of the Carrasco casino hotel.

Lease on the Banamex Conference Centre

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

This agreement entails an annual fee of 113 million pesos (6.3 million euros) payable monthly, plus 25% of the positive difference between the actual income each year and the contractually stipulated limit, which stands at 340 million pesos for the first year.

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

- 1 year: 9 million euros
- 2 to 5 years: 41 million euros
- From 6 years: 11 million euros

Furthermore, the Group is committed to making annual minimum investments of 15 million Mexican pesos (approximately 1 million euros) at the Banamex centre.

Movements in Investment property is as follows.

FY 2014	Balance at			Translation	Balance at
Cost	31/12/2013	Additions	Disposals	differences	31/12/2014
Leisure machines	1	-	-	(1)	-
Furniture, fittings and equipment	3,937	145	-	28	4,110
Computer hardware	1,037	71	-	7	1,115
Vehicles	155	-	(85)	1	71
Structures and buildings	86,610	-	-	624	87,234
Work done to leased premises	4,674	69	-	34	4,777
Plant and machinery	903	61	-	6	971
Total	97,317	346	(85)	700	98,278

	Balance at			Translation	Balance at
Accumulated depreciation	31/12/2013	Additions	Disposals	differences	31/12/2014
Furniture, fittings and equipment	(2,969)	(197)	-	(22)	(3,188)
Computer hardware	(598)	(203)	-	(3)	(804)
Vehicles	(96)	(20)	59	(1)	(58)
Structures and buildings	(19,563)	(1,950)	-	(198)	(21,711)
Work done to leased premises	(1,192)	(135)	-	(8)	(1,335)
Plant and machinery	(670)	(57)	-	(5)	(731)
Total	(25,088)	(2,562)	59	(236)	(27,827)

Net carrying amount	72,229				70,451
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Cost	Cost 31.12.12	Transfers	Additions	Trans. differences	Cost 31/12/2013
Leisure machines	-	1	-	-	1
Furniture, fittings and equipment	.	4,266	2	(331)	3,937
Computer hardware	.	1,123	1	(87)	1,037
Vehicles	.	168	-	(13)	155
Structures and buildings	.	93,901	-	(7,291)	86,610
Work done to leased premises	.	4,902	158	(386)	4,674
Plant and machinery	-	809	162	(68)	903
	-	105,170	323	(8,176)	97,317

Accumulated depreciation	Accumulated depreciation 31/12/2012	Transfers	Additions	Trans. differences	Accumulated depreciation 31/12/2013
Furniture, fittings and equipment	-	(3,070)	(143)	244	(2,969)
Computer hardware	-	(515)	(127)	44	(598)
Vehicles	-	(83)	(20)	7	(96)
Structures and buildings	.	(19,947)	(1,213)	1,597	(19,563)
Work done to leased premises	-	(1,212)	(77)	97	(1,192)
Plant and machinery	-	(673)	(51)	54	(670)
	-	(25,500)	(1,631)	2,043	(25,088)

Net carrying amount	-				72,229
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9. Investments in equity-method companies

Entities with which joint ventures are maintained are listed in Appendix I. At 31 December 2014, the Group companies with which joint ventures have been arranged are Hípica Rioplatense Uruguay, S.A., New Joker, S.r.l (these two companies as a result of the application of IFRS 11), Hotel Icela Sapi de CV, Calle Icela Sapi de CV, Centro de Convenciones Las Americas S.A de CV and Hotel Entretenimiento Las Américas S.A de CV. At 31 December 2013, joint ventures were in operation with Hípica Rioplatense Uruguay S.A. and New Joker, S.r.l.

FY 2014	Balance at 31/12/2013	Additions	Disposals	Translation differences	Balance at 31/12/2014
Equity method investments	11,666	1,184	-	(435)	12,415
	11,666	1,184	-	(435)	12,415

FY 2013	Balance at 31/12/2012	Additions	Disposals	Translation differences	Balance at 31/12/2013
Equity method investments	12,407	602	-	(1,343)	11,666
	12,407	602	-	(1,343)	11,666

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Summarised financial information on significant joint ventures is as follows:

Joint ventures

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

The investment in Hípica Rioplatense Uruguay, S.A. (HRU) relates to a 50% holding in this company, whose main activity consists of horse racing through the operation, holding and use of the Maroñas National Race Course and the las Piedras Race Course in Uruguay, and the operation of horse-racing agencies, as well as the operation of gaming arcades. HRU follows a policy of dividend distribution which is subordinate to its financial debt payment commitments, which is mainly structured in issues of bonds totalling 25,879 thousand euros, of which 4,417 thousand euros is short term.

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

10. Goodwill

The breakdown of goodwill by cash-generating unit (CGU) at year-end 2014 and 2013 and the movements on this account during the years then ended (thousand euro) are as follows:

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FY 2014

	Balance at 31/12/2013	Additions	Disposals	Impairment	Translation differences	Thousand euro Balance at 31/12/2014
Spain	21,864	-	(387)	-	-	21,477
Argentina	26,845	-	-	-	(3,601)	23,244
Italy	50,819	-	-	-	-	50,819
Panama (*)	25,478	-	-	-	3,460	28,938
Mexico	82,483	-	-	-	600	83,083
Total	207,489	-	(387)	-	459	207,561

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

FY 2013

	Balance at 31/12/2012	Additions	Disposals	Impairment	Translation differences	Thousand euro Balance at 31/12/2013
Spain	23,513	-	(1,649)	-	-	21,864
Argentina	37,197	-	-	-	(10,352)	26,845
Italy	66,563	256	-	(16,000)	-	50,819
Panama (*)	26,630	-	-	-	(1,152)	25,478
Mexico	111,194	-	-	(24,330)	(4,381)	82,483
Total	265,097	256	(1,649)	(40,330)	(15,885)	207,489

Additions in 2013 relate to the acquisition of the Italian company Royal Jack Pot,S.r.l.

Disposals in 2013 mainly relate to goodwill of Codere Gandía and Codere Navarra (Note 6.b)

In 2013 an impairment loss of 40,330 thousand euros was recognised for the Mexico and Italy CGU.

Goodwill at cost and the accumulated amortisation thereon at 31 December 2014 and 2013 is broken down by cash generating unit as follows:

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

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	Thousand euro				
	Cost	Impairment losses			Net carrying amount
		2011 and prior years	2012	2013	
FY 2013					
Spain	101,192	(4,115)	(75,212)	-	21,865
Argentina	26,847	-	-	-	26,847
Italy	112,014	(45,193)	-	(16,000)	50,821
Panama	25,479	-	-	-	25,477
Mexico	106,809	-	-	(24,330)	82,479
	372,339	(49,308)	(75,212)	(40,330)	207,489

11. Non-current financial assets

The balances under this heading at 31 December 2014 and 2013 and the movements in the years then ended break down as follows:

Item	Thousand euro					
	Balance at 31/12/2013	Additions	Disposals	Transfers	Translation differences	Balance at 31/12/2014
Loans and receivables	17,213	3,550	(2,867)	-	195	18,091
Investments held to maturity	5,387	1,288	(1,027)	-	536	6,184
Other financial assets	-	1,391	-	-	50	1,441
	22,600	6,229	(3,894)	-	781	25,716

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

Item	Thousand euro					
	Balance at 31/12/2012	Additions	Disposals	Transfers	Translation differences	Balance at 31/12/2013
Loans and receivables	18,533	3,608	(3,681)	-	(1,247)	17,213
Investments held to maturity	6,091	2,170	(2,864)	-	(10)	5,387
Other financial assets	12,439	-	-	(12,533)	94	-
	37,063	5,778	(6,545)	(12,533)	(1,163)	22,600

Transfers in 2013 included the reclassification to short term of the purchase option on 15.2% of Icela's stock which expired June 2014 without the Company having exercised the option.

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The present value of the cash flows embodied by the Group's non-current financial assets at 31 December 2014 and 2013 discounted at market interest rates is considered to approximate their carrying amounts. The difference between their carrying amounts and fair values is therefore not material.

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

Currency	Thousand euro	
	2014	2013
Euro	14,818	14,189
US dollar	5,468	3,872
Argentine pesos	4,177	3,070
Mexican peso	1,226	1,439
Colombian peso	27	30
	25,716	22,600

a) Loans and receivables

Item	Owner	Thousand euro	
		2014	2013
Non-current loans	Hípica de Panamá, S.A.	2,834	1,818
Non-current loans	Alta Cordillera, S.A.	271	282
Non-current loans	Grupo Operbingo Italia, S.p.A.	2,643	2,457
Non-current loans	Codere Madrid, S.A.	-	839
Non-current loans	Operibérica, S.A.	1,128	558
Non-current loans	Codere S.A.	2,807	2,366
Non-current loans	Codere México, S.A.	1,227	1,439
Other minor loans to third parties		7,181	7,454
Total		18,091	17,213

Hípica de Panamá, S.A. mainly reflects the balance receivable from horse owners.

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

Codere, S.A. mainly reflects a 1.5 million euro loan granted to the Italian company S.E.V.A, S.r.L which owns 15% of King Slot, S.r.L.

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

	Thousand euro	
	2014	2013
Year		Figures restated under IFRS 11
2015	-	7,053
2016	9,937	540
2017	1,478	203
2018	995	1,056
2019	354	-
Subsequent years	5,327	8,361
Total	18,091	17,213

b) Investments held to maturity

	Thousand euro	
	2014	2013
Type of investment		Figures restated under IFRS 11
Payout reserve containers (hoppers)	2,642	2,686
Long-term fixed-rate investments	2,509	2,413
Deposit agreements	34	39
Other	999	249
	6,184	5,387

12. Deferred taxes

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

	2014		2013	
			Figures restated under IFRS 11	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	3,371	(98,137)	3,408	(104,433)
Property, plant and equipment	11,844	(56)	15,586	(102)
Financial investments	303	(629)	226	(684)
Exchange differences	-	(163)	-	(163)
Tax credits	23,988	-	19,056	-
Other	9,167	(16,860)	8,472	(7,711)
	48,673	(115,845)	46,748	(113,093)
Deferred tax assets/(liabilities) to be recovered after more than 12 months	17,197	(90,819)	17,117	(77,704)
Deferred tax assets/(liabilities) to be recovered within 12 months	31,476	(25,026)	29,631	(35,389)
	48,673	(115,845)	46,748	(113,093)

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

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

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

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

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

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

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	Thousand euro				
FY 2014	Balance at 31/12/2013	Charged to profit or loss	Reclassification	Translation differences	Balance at 31/12/2014
<u>Assets</u>					
Tax credits	19,056	4,980	-	(48)	23,988
Financial investments	226	77	-	-	303
Intangible assets	3,408	(40)	-	1	3,371
Property, plant and equipment	15,586	(3,957)	-	215	11,844
Other	8,472	640	-	55	9,167
	46,748	1,701	-	223	48,673
<u>Liabilities</u>					
Revaluation of property, plant and equipment	(102)	46	-	-	(56)
Financial investments	(684)	55	-	-	(629)
Exchange differences	(163)	-	-	-	(163)
Intangible assets	(104,433)	7,805	-	(1,509)	(98,137)
Other	(7,711)	(8,816)	-	(333)	(16,860)
	(113,093)	(909)	-	(1,842)	(115,845)
Net deferred tax assets (liabilities)	(66,345)				(67,172)

The Deferred taxes for Spanish companies are recognised at the rate at which reversal is expected: 28% in 2015 and 25% for 2016 and subsequent years.

The increase in tax credits mainly includes the tax effect of the payment to the Italian Court of Auditors which brought to an end the legal proceedings involving Codere Network, S.p.A. (Note 4.e), partly offset by the decrease in tax credits in Spain due to the reduction in the tax rate from 2015.

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	Thousand euro				
FY 2013	Balance at 31/12/2012	Charged to profit or loss	Reclassification	Translation differences	Balance at 31/12/2013
Assets					
Tax credits	21,565	(2,275)	-	(234)	19,056
Financial investments	(2,019)	516	1,095	634	226
Intangible assets	3,279	80	56	(7)	3,408
Property, plant and equipment	15,937	(405)	-	54	15,586
Other	6,249	3,074	1,787	(2,638)	8,472
	45,011	990	2,938	(2,191)	46,748
Liabilities					
Revaluation of property, plant and equipment	(3,103)	2,728	-	273	(102)
Financial investments	(719)	27	-	8	(684)
Exchange differences	(163)	-	-	-	(163)
Intangible assets	(122,945)	5,623	8,256	4,633	(104,433)
Other	(7,701)	(1)	-	(9)	(7,711)
	(134,631)	8,377	8,256	4,905	(113,093)
			-		
Net deferred tax assets (liabilities)	(89,620)				(66,345)

In the "Reclassification" column, opening balances relating to Mexican entities are adjusted, as they corresponded to current tax balances but were reported at the end of 2012 under Deferred tax.

13. Impairment of non-financial assets

Following impairment tests carried out at the end of 2014, the Group recognised an impairment to its assets in the Carrasco Nobile unit. The impairment totalled 4,922 thousand euros. This impairment is basically due to a poorer business performance than was initially expected, mainly resulting from a delay in the development plan for the major player market, which is the main catalyst for a business model which, unlike the others, does not target the local population. The poorer macroeconomic outlook used in the calculation of future flows has also had a negative impact, though to a lesser extent.

Additionally, due to the judicial decision mentioned in Note 28, assets at the Mexico unit have been impaired in an amount of 6,944 thousand euros (Note 8). The closure of gaming halls that gave rise to this impairment was already contemplated in the projected flows as from the balance sheet date.

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

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

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Cash flow projections

The Group estimates the future cash flows for each cash-generating unit using forecasting models based on the operating, financial and macroeconomic indicators applicable in each case. The projections cover a five-year period. Beyond the five-year period, a terminal value is estimated based on a constant rate of growth in perpetuity. The cash flows in year one of the projection period are based on detailed budgets approved in each unit for the first six months of 2015, adjusted as necessary for the estimated impact of significant changes in the regulatory environment, the competitive landscape, the business model or the performance of each unit. When calculating the second half of the year said results have been annualised taking into account significant non-recurring impacts. The only exception to this method has been the projection for Carrasco Nobile as this business is currently undergoing growth and therefore said system would have spoiled the result of the impairment test. For this reason, with respect to the calculation of the explicit result for the second half of the year, management has projected said flows based on the best estimates of operational management

The projections for the remaining years are based on the performance that can reasonably be expected in accordance with the strategies and plans defined by the Group for each of the markets in which it operates in accordance with their specific characteristics and competitive landscapes. With respect to capital investments, the forecasts include those necessary to maintain the businesses in their current condition (maintenance capex). The only growth investments factored in are those that have been specifically approved in the 2015 budgets or those required to enable the natural development of businesses that are still in the ramp-up phase.

The rate used to discount the cash flows is the weighted average cost of capital in the local currency of each unit. The weighted average cost of capital takes into account the Group's own cost of capital as well as that of third parties, weighted in accordance with a defined target capital structure. The internal cost of capital varies for each unit in accordance with the market risk premium applicable and the specific country risk for the country where it operates, including exchange rate risk. For reasons of practical expediency, after-tax discount rates are used. The cash flows discounted are similarly after-tax projections. The growth rate used to calculate each unit's terminal value is the long-term consumer price index forecast for each country taken from macroeconomic forecasts; i.e. the terminal value does not factor in any growth in real terms. For those cash-generating units whose functional currency is not the euro, cash flows are projected in local currency and the net present value of these cash flows is then translated into euro at the exchange rate prevailing at 31 December 2014.

Key assumptions

The key assumptions in respect of gaming operations relate in general to gaming capacity installed (number of gaming halls, casinos, race tracks, betting agencies, gaming machines installed, bingo hall seating capacity, gaming tables, etc.) and the average daily proceeds from each machine, seat, table or gaming hall attendee. Revenue during the projection period varies in accordance with the forecast trend in these variables. Profitability and operational gearing levels, as reflected in EBITDA margins, are also significant. The carrying amounts of the net operating assets of each cash-generating unit at 31 December 2014 are detailed below, together with the key assumptions used to calculate their value in use and any impairment losses recognised. Key assumptions include the after-tax discount rate, the growth rate used to estimate terminal value, the compound average annual growth rate for revenue in local currency for the projection period, and the estimated percentage point change in the EBITDA margin between the 12 months ended 31 December 2014 and the final 12 months of the projection period.

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Cash-generating unit	Carrying amount of net operating assets ⁽¹⁾ at 31.12.2014 (€'000)	Asset impairment at 31.12.2014 (€'000)	After-tax discount rate
Argentina	120,750	-	22.0%
Mexico	518,400	-	10.6%
Banamex	70,451	-	10.6%
Spain ⁽³⁾	95,573	-	7.6%
Italy ⁽⁴⁾	106,999	-	7.9%
Panama	60,452	-	10.4%
Colombia	11,269	-	10.6%
Carrasco	35,888	(4,922)	14.6%
Parent companies and other	(8,386)	-	
Total	1,011,396	(4,922)	N/A

Cash-generating unit	Organic growth rate for calculating terminal value	CAGR of revenue in local currency ⁽²⁾	Change in EBITDA margin (percentage points) ⁽²⁾
Argentina	5.0%	13.8%	0.4pp
Mexico	3.0%	2.0%	1.9pp
Banamex	3.0%	2.0%	1.9pp
Spain ⁽³⁾	1.3%	5.4%	0.9pp
Italy ⁽⁴⁾	1.5%	2.1%	8.1p.p.
Panama	2.5%	2.8%	(1.9pp)
Colombia ⁽⁵⁾	3.0%	4.0%	(7.1p.p.)
Carrasco	5.0%	18.3%	N/A
Total	N/A	N/A	N/A

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

(2) Obtained by comparing the figures for the last year of the projection period with those of the 12 months to 31 December 2014 (as reported quarterly and translated into local currency at average exchange rates).

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

(4) Includes all business lines in Italy (indirect operations with AWP machines, traditional bingo, video lotteries and connection network). Includes non-recurring charges of 23.1 million euros (of which 24.5 relates to the effect of the fine by the Court of Auditors and +1.4 million euros for other items).

(5) The variation in Columbia EBITDA is negative mainly due to the impact of the tax increase which will come into force in May 2015.

At 31 December 2014 a fixed asset impairment provision of 6,944 thousand euros (Note 8) has been recorded due to the closure of halls in Mexico, as mentioned in Note 28. The recoverable value of these assets is zero.

The recoverable value of the Carrasco CGU is 6,424 thousand euros.

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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	Variable required to equate value in use to carrying amount	
	After-tax discount rate	Organic growth rate for calculating terminal value ⁽¹⁾
Argentina	64.3%	N/A
Mexico	11.2%	2.2%
Banamex	11.6%	1.6%
Spain	10.6%	N/A
Italy	9.8%	N/A
Panama	15.5%	N/A
Colombia	14.7%	N/A
Carrasco	N/A	N/A

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

According to this sensitivity analysis, the Mexico cash-generating unit has little room to accommodate a potential impairment to its assets. This is largely due to the fact that some or all of the assets at this cash-generating unit were carried recently at market value as a result of the outcome of impairment testing in prior years (2013).

14. Inventories

	Thousand euro	
	2014	2013
Gaming machines	37	384
Spare parts for machines	3,629	4,266
Food and drink	2,159	2,409
Bingo cards	1,250	1,010
Other items	3,366	3,731
	10,441	11,800

The cost of inventories recognised as an expense in 2014 and 2013 amount to 37,403 thousand euros in 2014 and 43,889 thousand euros in 2013.

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15. Accounts receivable

a) Trade receivables:

At 31 December 2014, "Trade and other receivables" included 3,544 thousand euros for catering and management services supplied to food and drink establishments in Spain (3,920 thousand euros at 31 December 2013).

There are no provisions for impairment of receivables.

b) Sundry receivables:

	Thousand euro	
	2014	2013
Sundry receivables	65,946	71,127
Receivable from employees	485	800
Provisions	(32,291)	(31,116)
	34,140	40,811

At 31 December 2014, "Sundry receivables" includes approximately 25,658 thousand euros of advances paid to the owners of food and drink establishments against their share of the takings from the gaming machines located in their premises (26,545 thousand euros at 31 December 2013). These advances will be recovered against the takings collected.

"Sundry receivables" also includes at year-end 2014 10,718 thousand due from CIE Group companies, mainly Make Pro, S.A. de C.V., for advertising and sponsorship services (10,795 thousand euros at year-end 2013).

This heading also includes 11,972 thousand euros receivable by Codere Network S.p.A. from gaming machine operators in Italy (11,912 thousand euros at 31 December 2013). The remaining amount comprises a significant number of receivables of lower value.

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

The movements on the provision are as follows:

	Thousand euro
Balance at 31/12/2013	(31,116)
Provision for receivables impairment	(4,021)
Unused amounts reversed	218
Amounts derecognised	2,641
Translation differences	(13)
Balance at 31/12/2014	(32,291)

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	Thousand euro
Balance at 31/12/2012	<u>(36,371)</u>
Provision for receivables impairment	(3,423)
Unused amounts reversed	5,262
Amounts derecognised	3,408
Translation differences	<u>8</u>
Balance at 31/12/2013	<u>(31,116)</u>

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

c) Tax receivables accrued

At 31 December 2014, "Tax receivables accrued" amount to 111,837 thousand euros (103,273 thousand euros at year-end 2013). This balance includes 86,128 thousand euros in VAT refundable from the Mexican tax authorities (71,081 thousand euros in 2013). In Mexico this class of indirect tax is recovered when the cash flows associated with the transactions giving rise to the VAT occur.

The remaining 25,709 thousand euros corresponds to taxes due from the tax authorities in the Group's other operating markets.

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

	Thousand euro	
Currency	<u>2014</u>	<u>2013</u>
Euro	23,749	34,964
US dollar	69,754	61,684
Argentine pesos	16,851	16,564
Mexican peso	68,884	62,482
Uruguayan peso	85	-
Colombian peso	1,589	2,141
Brazilian real	<u>614</u>	<u>468</u>
	<u>181,526</u>	<u>178,303</u>

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

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16. Other current financial assets

The movements on "Other current financial assets" in at 31 December 2014 and 2013 are as follows (figures in thousand euro):

FY 2014	Balance at 31/12/2013	Additions	Transfers	Disposals	Translation differences	Balance at 31/12/2014
Short-term investment securities	1,218	-	-	(1,056)	(56)	106
Other loans and investments	40,450	7,666	-	(12,155)	(79)	35,882
	41,668	7,666	-	(13,211)	(135)	35,988

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

FY 2013	Balance at 31/12/2012	Additions	Transfers	Disposals	Translation differences	Balance at 31/12/2013
Figures restated under IFRS 11.						
Short-term investment securities	2,531	(13)	-	(1,167)	(133)	1,218
Other loans and investments	57,483	10,560	12,533	(38,996)	(1,130)	40,450
	60,014	10,547	12,533	(40,163)	(1,263)	41,668

The transfer relates to the Icela purchase option which fell due in June 2014.

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

	Thousand euro	
	2014	2013
	Figures restated under IFRS 11	
Short-term loans	18,139	20,919
Deposits and guarantees	17,343	18,071
Short-term deposits	400	1,460
	35,882	40,450

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

Deposits and guarantees includes deposits held by Codere Network, S.p.A. due to the Concession Agreement of Codere Network, S.p.A. under which this company operates, amounting to 10,740 thousand euros.

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

Currency	Thousand euro	
	2014	2013
	Figures restated under IFRS 11	
Euro	17,324	23,881
US dollar	11,186	4,715
Argentine pesos	603	961
Mexican peso	6,532	11,865
Uruguayan peso	340	222
Colombian peso	3	24
	35,988	41,668

17. Equity

a) Share capital

At 31 December 2014 and 2013 the share capital of Codere S.A. totalled 11,007,924 euros and consisted of 55,036,470 fully subscribed and paid in bearer shares with a par value of 0.20 euros each. The Parent's shares have been listed on the Madrid Stock Exchange since 19 October 2007.

At 31 December 2014 and 2013 the Parent Company's shareholder structure was as follows:

Shareholder	Shareholding	
	%	%
	2014	2013
Masampe Holding, B.V.	51.35%	51.35%
Mr. José A. Martínez Sampedro	12.42%	12.42%
Other shareholders	36.23%	36.23%
	100%	100%

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

At 31 December 2014, 55,036,470 shares were admitted to trading, of which 69.13% (69.13% at year-end 2013) were directly or indirectly held by members of the Board of Directors.

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No Company shares were sold by senior managers on the market in 2014 or 2013. Nor did senior management purchase any shares in 2014 or 2013.

b) Share premium

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

c) Treasury shares

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

Liquidity agreement

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

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

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

On 30 January 2015, due to the split-off of a line of business of Interdin Bolsa, S.V., S.A. to Banco Madrid S.A.U., this latter entity will be subrogated to the obligation to provide said service to Codere under the same conditions as those already agreed with the demerged company.

At 31 December 2014, the Company held 387,733 treasury shares (250,345 in 2013) of which 222,733 (191,345 in 2013) had been acquired by Interdin Sociedad de Valores, S.A., representing less than 10% of the total share capital of Codere S.A. (the legal limit) with a value in equity of 69 thousand euros (319 thousand euros at 31 December 2013). The average acquisition price was 0.82 euros per share. These shares are fully paid up.

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d) Legal reserve

In accordance with the Spanish Companies Act 2010, 10% of profit for the year must be allocated to the legal reserve until the balance of the reserve reaches at least 20% of capital. At both 31 December 2014 and 2013 the legal reserve totalled 2,201 thousand euros.

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

e) Transition reserves

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

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

f) Other information

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

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

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

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

g) Information by company

Appendix II provides an itemised breakdown of the equity of the Group companies at 31 December 2014.

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18. Provisions

18.1. Non-current provisions

	Thousand euro				
FY 2014	Balance at 31/12/2013	Additions	Disposals	Translation differences	Balance at 31/12/2014
Provision for taxes	16,373	130	(1,335)	(135)	15,033
Retirement bonuses	7,713	980	(2,420)	(69)	6,204
Other provisions	24,256	1,493	(13,159)	(362)	12,228
	48,342	2,603	(16,914)	(566)	33,465

	Thousand euro				
FY 2013	Balance at 31/12/2012	Additions	Disposals	Translation differences	Balance at 31/12/2013
Provision for taxes	14,338	10,192	(6,821)	(1,336)	16,373
Retirement bonuses	7,349	1,367	(817)	(186)	7,713
Other provisions	23,153	2,787	-	(1,684)	24,256
	44,840	14,346	(7,638)	(3,206)	48,342

a) Provision for taxes

Provisions for taxes include balances associated with the fiscal and labour-related risks of the Group's companies in Mexico at 31 December 2014 and 2013 of approximately 12,883 thousand euros and 13,712 thousand euros, respectively.

b) Retirement bonuses

This heading includes amounts payable by various Group companies to its employees under collective bargaining agreements. The decrease mainly relates to Mexican and Italian companies, due to staff reductions.

c) Other provisions

The decrease in 2014 mainly includes the reversal of the provision following the proceedings involving Codere Network, S.p.A. and the Court of Auditors (Note 4.e).

At 31 December 2014, this heading includes 1,417 thousand euros corresponding to a provision made in connection with an inspection by the Argentine Central Bank ("BCRA") of certain foreign currency transactions concluded between 2002 and 2004 (1,282 thousand euros at year-end 2013).

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

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Additions in 2013 mainly related to provisions for future litigation in Italy and Argentina.

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

18.2. Current provisions and other

	Thousand euro	
	2014	2013
Reserve for options	4,454	5,158
Other	6,121	5,858
Total provisions and other	10,575	11,016

The heading "Other" mainly includes 2,675 thousand euros in advance income in the Icela Group and the provision for potential prizes in Italy, Panama and Argentina.

This heading includes a provision for the market value of the share sale option offered to a number of senior managers of Codere S.A. One million ordinary shares, formerly held as treasury shares, were sold to senior managers at a price of 7.88 euros per share, the price at which a number of transactions with third parties had been concluded. These share purchases were financed by Codere S.A. via loans to these senior managers totalling 7,880 thousand euros, which accrued interest at an annual rate of 2.5% in 2014 and 2013. The interest accrued, amounting to 1,103 thousand euros, has been provided for in full under Financial expenses.

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

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

FY 2014

	Thousand euro			
	Balance at 31/12/2013	Additions	Disposals	Balance at 31/12/2014
Provision for put option granted to executives	5,158	234	(938)	4,454

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FY 2013

	Thousand euro			
	Balance at 31/12/2012	Additions	Disposals	Balance at 31/12/2013
Provision for put option granted to executives	<u>4,102</u>	<u>1,605</u>	<u>(549)</u>	<u>5,158</u>

In February 2014 the Board of Directors agreed to extend the duration of the loans granted to directors. However, the decision has been taken to provide in full for the interest accruing on the loans as the Company's management regards it as unlikely that they will be collected.

Interest accrued at 31 December 2014 totalled 44 thousand euros. In addition, for directors still with the Company, the provision for the treasury stock purchase option includes the restatement of the market value of the put option at the year end for all loans granted to directors which had not matured and for the valuation between the closing price for Codere shares and the repurchase price, set at 7.88 euros for loans expired at 31 December.

At 31 December 2014 and 2013, the market value of the option corresponded exclusively to the loans which had not yet been repaid. The value of the option was calculated using market prices taking into account the volatility of the security, the redemption value of the loans and other factors.

The inputs used in the valuation model are:

	2014	2013
Strike price	10.597	10.597
Expected volatility	89.112%	66.638%
Annual rate	0.162%	0.413%
Implicit rate	<u>3.1550%</u>	<u>6.8280%</u>
Total price	<u>10.28</u>	<u>6.78</u>

19. Financial liabilities

a) Non-current payables

	Thousand euro	
	Figures restated under IFRS 11 11	
	2014	2013
Bonds issued by Codere Finance (Luxembourg), S.A.	-	966,624
Bank borrowings	89,299	102,739
Other payables	56,267	50,068
Finance lease liabilities	<u>1,959</u>	<u>7,077</u>
	<u>147,525</u>	<u>1,126,508</u>

a.1) Non-current bank borrowings

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	Average effective interest rate	Maturity	Thousand euro	
			2014	2013
Group in Spain	3.03%	2016 - 2026	1,202	1,051
Group in Italy	3.22%	2016 - 2017	611	1,451
Group in Mexico	TIE + 3.25%	2019	53,436	55,365
Group in Panama	3M Libor + 3.50% (Floor 6.75%)	2016	3,554	7,281
Group in Colombia	DTF TA + 5.05%	2017	1,376	2,068
Uruguay (C Nobile)	6.84%	2016 - 2019	29,120	35,523
			89,299	102,739

The items recognised under this heading correspond principally to debt contracted locally to finance the expansion of the Group's activities in these countries. The most significant is the debt held by ICELA Group to finance investments in the Banamex Centre, the Hipódromo and the Sala Royal. The main decrease relates to Panama and Uruguay due to the reclassification of the debt to short term.

Concerning the Uruguay debt, the reclassification to short term results from the nonfulfillment of coverage and borrowings ratios defined in the agreements with Rospide Sociedad de Bolsa S.A, Urraburo & Hijos Corredor de Bolsa, S.R.L and Compañía de Valores Pérez Marexiano S.B.S.A, as explained in Note 28.

On 26 November 2014 the debt facility held by Icela with Inbursa was renewed for 1,200 million Mexican pesos, for a term of five years.

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

a.2) Other non-current payables

The amounts recognised under "Other payables" within "Other non-current payables" at 31 December 2014 and 2013, totalling 56,267 thousand euros and 50,068 thousand euros, respectively, correspond principally to long-term payables recognised by Spanish companies for acquisitions and to payments outstanding on exclusivity rights in amounts of approximately 5,345 thousand and 5,790 thousand euros at year-end 2014 and 2013, respectively.

It also includes 24,775 thousand euros and 24,739 thousand euros at 31 December 2014 and 2013, respectively, corresponding to long-term debt in respect of deferred gaming taxes as approved for a certain number of gaming machines in the Spanish autonomous regions of Madrid, Cantabria, Valencia and Catalonia. The current balances are recorded under the heading "Other non-trade payables". These debts bear interest at the legal rate in Spain.

This heading also includes borrowings from third parties for the acquisition of licenses by Codere Network, S.p.A. to fund the installation and operation of a new type of gaming machine in Italy (VLTs) at 31 December 2014 and 2013 in the amount of 11,313 thousand euros and 12,896 thousand euros, respectively.

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a.3) Finance lease liabilities

The breakdown of the minimum payments due on finance leases at 31 December 2014 and 2013 is as follows:

	Gross liabilities		Thousand euro	
			Present value	
	2014	2013	2014	2013
No later than 1 year	4,044	17,696	3,892	17,371
Later than 1 year and no later than 5 years	2,009	8,751	1,959	7,077
	6,053	26,447	5,851	24,448

Less:

Future finance charges on finance lease liabilities (201) (2000)

Recognised as:

Non-current finance lease liabilities 1,959 7,077

Current finance lease liabilities 3,892 17,371

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

The carrying amounts of "Other non-current payables" do not differ materially from their fair values at 31 December 2014 and 2013.

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

Currency	Thousand euro	
	2014	2013
	Figures restated under IFRS 11	
Euro	46,830	804,902
US dollar	23,621	242,872
Argentine pesos	1,258	1,596
Mexican peso	64,736	58,809
Uruguayan peso	9,751	16,203
Colombian peso	1,329	2,126
	147,525	1,126,508

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

				Thousand euro		
				2014	2013	
Figures restated under IFRS 11						
Year	Bank borrowings	Other non-current payables	Total	Bank borrowings	Other non-current payables	Total
2015				60,498	22,244	837,485
2016	16,041	30,765	46,806	39,525	13,410	52,935
2017	3,960	9,374	13,334	572	1,352	1,924
2018	2,928	2,307	5,235	8	3,272	3,280
2019	56,222	2,209	58,431	-	-	-
Other	10,148	13,571	23,719	2,136	16,867	230,884
	89,299	58,226	147,525	102,739	57,145	1,126,508

b) Current liabilities

b.1) Bonds

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

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

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

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

	Thousand euro					
	Face value	Bond currency	Effective interest rate	Contract maturity date	2014	2013
Bonds issued by Codere Finance (Luxembourg), S.A.	335,000	Euro	8.76%	15/06/2015	335,000	332,536
Bonds issued by Codere Finance (Luxembourg), S.A.	165,000	Euro	8.23%	15/06/2015	165,000	165,048
Bonds issued by Codere Finance (Luxembourg), S.A.	160,000	Euro	7.96%	15/06/2015	160,000	160,636
Bonds issued by Codere Finance (Luxembourg), S.A.	100,000	Euro	10.71%	15/06/2015	100,000	96,523
Bonds issued by Codere Finance (Luxembourg), S.A.	300,000	US dollar	10.20%	15/02/2019	247,096	211,881
					1,007,096	966,624

This heading includes unpaid accrued interest which at 31 December 2014 and 2013 amounted to 133,630 and 41,452 thousand euros, respectively. The increase results from Codere's failure to meet payment commitments in 2014.

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

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

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

The parties to the indenture also have the power to:

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

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

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

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(Thousand euro)

The guarantors at 31/12/2014 are:

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

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

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

(***) Companies merged with Operibérica, S.A.U in 2014

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

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

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

As mentioned in Note 2.a.1), on 23 September 2014 a Lock-up agreement was signed between Codere, S.A., Codere Finance Luxembourg, S.A. and certain Codere Group companies with the holders of approximately 80.2% of EUR Bonds and 88.9% of USD Bonds.

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

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b.2) Bank borrowings

	Thousand euro	
	2014	2013
Short-term loans	31,734	23,266
Trade discount lines and credit facilities	130,000	95,000
Interest accrued/prepaid	(758)	872
Total bank borrowings	160,976	119,138
Total undrawn	-	-
Total limit	160,976	119,138

Short-term loans

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

The main decrease has arisen in Codere México, S.A. de C.V. due to the repayment of the loan from HSBC and in Italy due to the repayment of the loan from Unicredit.

The main increase has taken place in Uruguay, due to the reclassification to short term of the loan from Rospide Sociedad de Bolsa, S.A.

At 31 December 2013, it main includes short-term bank borrowings of various Group companies, Codere México, S.A. de C.V., for 5,117 thousand euros the ICELA Group for 11,091 thousand euros, the Italy Group for 2,271 thousand euros and the Panama Group for 4,130 thousand euros.

Trade discount lines and credit facilities

This heading also includes a credit line drawn down by 130 million euros at 31 December 2014 (95 million euros at year-end 2013).

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

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

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

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

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

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

The balances drawn (in thousand euro), their maturities and the interest rates applicable at 31 December 2014 and 2013 are as follows:

2014	Interest rate	Maturity date
60,000	12.02%	06/02/2014
20,000	12.02%	06/02/2014
15,000	12.02%	06/02/2014
<u>35,000</u>	12.02%	06/02/2014
130,000		
2013	Interest rate	Maturity date
60,000	7.68%	06/02/2014
20,000	7.18%	06/02/2014
<u>15,000</u>	7.23%	06/02/2014
95,000		

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

Notes 3.f and 3.g describe agreements reached with the lenders, including the replacement of the current credit facility with a new facility of 253 million euros maturing in 2020.

CODERE, S.A. AND SUBSIDIARIES
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b.3) Other non-trade payables and current tax liabilities

	Thousand euro	
	2014	2013
	Figures restated under IFRS 11	
Payable to tax authorities	161,653	157,439
Gaming taxes deferred	30,390	33,641
Payable to employees	20,079	22,680
Other payables	29,118	54,079
	241,240	267,839

b.3.1) Payable to tax authorities

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

b.3.2) Gaming taxes deferred

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

b.3.3) Other payables

This heading includes:

- Current finance lease obligations on gaming machines in the amount of 3,892 thousand euros at 31 December 2014 (17,371 thousand euros at 31 December 2013).
- Payables for exclusivity rights and to suppliers of fixed assets to Spanish gaming machine companies in the amount of 2,914 thousand euros at 31 December 2014 (3,765 thousand euros at 31 December 2013).
- Bills payable in the short term by Spanish companies totalling 987 thousand euros at 31 December 2014 (2,194 thousand euros at 31 December 2013).
- Payables due to the renewal of licences in Argentina: at 31 December 2014, there are no amounts payable (13,806 thousand euros at 31 December 2013).
- Payments outstanding on the acquisition of companies in Italy in the amount of 1,447 thousand euros at 31 December 2014 (1,804 thousand euros at 31 December 2013).
- Payables on the acquisition of betting terminals in Spain in the amount of 1,489 thousand euros at 31 December 2014 (2,552 thousand euros at 31 December 2013).

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

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

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In compliance with Law 15/2010 the following data is reported at 31 December concerning Spanish entities within the consolidation scope:

2014

	Thousand euro	% of total
Paid within the legally-mandated maximum term	77,569	86.81%
Other	11,789	13.19%
Total payments in the year	89,358	
Weighted average days past due (*)	44.65	
Trade payables past due by more than the legally-mandated maximum term at the reporting date	2,186	

2013

	Thousand euro	% of total
Paid within the legally-mandated maximum term	72,778	80.10%
Other	18,079	19.90%
Total payments in the year	90,857	
Weighted average days past due (*)	56	
Trade payables past due by more than the legally-mandated maximum term at the reporting date	2,489	

(*) The average payment term in excess of the legal limit

c) Loans secured by the Group

In addition to the shares of various Group companies pledged at 31 December 2014 and 2013 as described in paragraph b.1) above, debt totalling 82,117 thousand euros (73,917 thousand euros at year-end 2013) was secured by fixed assets belonging to several Group companies (Note 22).

d) Current liabilities by currency

	Thousand euro	
	2014	2013
Currency	Figures restated under IFRS 11	
Euro	1,133,382	245,451
US dollar	318,405	88,785
Argentine pesos	47,702	70,055
Mexican peso	163,582	147,765
Uruguayan peso	3,189	6,185
Colombian peso	5,021	6,676
Sterling	81	-
Chilean peso	87	89
Brazilian real	2,858	2,446
	1,674,307	567,452

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20. Derivative transactions

During 2014 and 2013, no operations were carried out involving derivatives.

21. Tax matters

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

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

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

Spanish Tax Group 2014:

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

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

The companies forming the Spanish consolidated tax group in 2013 were:

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

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Spanish Tax Group 2013:

Codere, S.A.	Codere Logroño, S.L.
Cartaya, S.A.U.	Codere Madrid, S.A.U.
CF-8, S.L.	Codere Online, S.A.
Codere América, S.A.U.	Codere Servicios Compartidos, S.A. (*)
Codere Asesoría, S.A.U.	Codere España, S.L.U.(unipersonal)
Codere Apuestas España, S.L.U.	Colonder, S.A.U.
Codere Apuestas, S.A.U.	J.M. Quero Asociados, S.A.U.
Codere Apuestas Aragón, S.L.U.	JPVmatic 2005, S.L.U.
Codere Apuestas Galicia, S.L.U.	CodereValencia, S.A.
Codere Apuestas Murcia, S.L.U.	Misuri, S.A.U.
Codere Apuestas Navarra S.A.U.	Nididem, S.L.U.(unipersonal)
Codere Apuestas Valencia, S.A.U.	Operiberica, S.A.U.
Codere Barcelona, S.A.	Red Aeam S.A.U.
Codere Distribuciones, S.L.U.	Sigirec, S.L.
Codere Interactiva, S.L.	Codere Apuestas Castilla la Mancha, S.A. (*)
Codere Internacional, S.L.U.(unipersonal)	Desarrollo on line juegos regulares, S.A
Codere Internacional Dos, S.A.U.	Recreativos Populares, S.L
	Recreativos Mae, S.L

(*) These companies were added to the scope of consolidation in 2013.

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

The subsidiaries included in each of these groups in 2014 and 2013 are as follows:

Italian tax group in 2014

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

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Italian tax group in 2013

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

The other companies file individual corporate income tax returns.

Companies domiciled in Spain are subject to a statutory income tax rate of 30% in 2014. Nevertheless, certain deductions may be applied to the amount payable. Companies domiciled outside Spain are subject to the tax legislation and rates of the countries in which they are located, which vary between 25% and 35%, except in Chile, where the tax rate is 20%.

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

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

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

	Thousand euro	
	2014	2013
Consolidated profit/(loss) before tax	(169,965)	(162,248)
Tax at statutory rate of 30%	(50,989)	(48,674)
Tax effects of rates applicable in other countries	3,230	3,366
Tax effect of tax losses and permanent differences for which deferred tax assets were not recognised	88,644	79,962
Tax losses capitalised/derecognised	-	2,105
Cost associated with tax inspections	-	8,600
Corporate Income Tax expense taken to the consolidated income statement	40,885	45,359

CODERE, S.A. AND SUBSIDIARIES
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The amount recorded under "Tax effects of rates applicable in other countries" corresponds to the difference arising from applying the statutory rate of 30% in Spain in 2014 and 2013 to consolidated profit/(loss) before tax and applying the rates prevailing in each country. The amounts of 3,230 thousand euros and 3,366 thousand euros in 2014 and 2013, respectively, correspond principally to the difference arising from the rate in Spain and that applied in Argentina, where the statutory rate is 35%.

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

- The tax effect of tax losses for which no deferred income tax asset was recognised: specifically the tax effects of tax losses not recognised at 31 December 2014 and 2011, principally in Spain and head offices, Mexico, Uruguay and Brazil, in the amount of approximately 73 million euros (48 million euros in 2013).
- In particular, the effect of the recognition of deferred taxes in Argentina in 2014 derived from retained earnings totalling approximately 9 million euros (Note 3.c.1).
- In particular, for 2013, the effect of the tax charge derived from the IETU in Mexico of approximately 13 million euros. This tax ceased to be applicable as from January 2014.
- Permanent differences: differences arising from the application by Group companies of the statutory tax rate in the corresponding country.
- This heading also includes the income tax expense recognised by Spanish companies in respect of foreign taxes collected by each country on revenue from the provision of services and interest received by Codere S.A.

In 2013, the item "Cost associated with tax inspections" related to the cost of tax inspections on Codere Mexico and some of its subsidiaries.

Corporate income tax expense for 2014 was calculated as follows:

	2014	Thousand euro 2013
Consolidated profit/(loss) before tax	(169,965)	(162,248)
Permanent differences	218,196	237,017
Temporary differences	29,272	31,549
Use of previously unrecognised tax losses	<u>(250)</u>	<u>(2,652)</u>
Tax base (taxable income)	<u>77,253</u>	<u>103,666</u>

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

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

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

	Thousand euro	
Consolidated income statement	2014	2013
Current tax		
- Current income tax expense (*)	27,708	40,608
- Foreign taxes and other adjustments to current tax	13,969	13,773
Deferred tax		
- Relates to increases and decreases in temporary differences (Note 12)	(10,008)	(11,127)
- Relative to deferred tax charge on retained earnings in Argentina	9,216	-
Other adjustments to income tax expense		
- Cancellation of tax credit for tax losses	-	2,105
	40,885	45,359

(*) Includes cost of tax inspections.

The tax effect of tax losses for which no tax assets are recognised is reflected in adjustments to current tax. This heading also includes amounts paid for taxes equivalent to corporate income tax in Mexico (IETU until 2013) and Italy.

The breakdown of tax loss carryforwards pending offset losses of the Codere Group at 31 December 2014 and 2013 after factoring in tax expense for both periods is as follows (thousand euro):

	Thousand euro	
Company	2014	2013
		<small>Figures restated under IFRS 11</small>
Codere, S.A. (Tax Group)	360,555	354,372
Rest of Spain	20,604	20,604
Italy	43,298	24,335
Mexico	170,713	58,206
Argentina	1,593	1,839
Panama	3,541	3,118
Uruguay	33,381	17,708
Brazil	28,752	27,980
Colombia	207	17,160
Total	662,644	525,322

Unrecognised deferred tax assets amount to 154,491 thousand euros at 31 December 2014 and 137,800 thousand euros at 31 December 2013.

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The tax credit which may be generated by unused tax losses in respect of income tax in the years to come is not recognised in the Group's consolidated balance sheet, except for capitalised tax credits totalling 23,988 thousand euros corresponding mainly to Codere S.A. (6,972 thousand euros), certain Italian companies (11,167 thousand euros) and certain Mexican companies (3,389 thousand euros).

In 2015, due to the entry into force of the amendment to the Spanish Corporate Income Tax Act, tax loss carryforwards are no longer subject to any time limit. Tax losses relating to Spain amount to 381,159 thousand euros at 31 December 2014.

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

Year	Thousand euro	Thousand euro	
	2014	2013	
	Other countries	Spain	Other countries
2014	2,230	-	3,760
2015	2,112	30	2,500
2016	6,591	54	7,387
2017	9,324	1,064	8,775
2018	21,025	1,576	16,424
2019	15,045	5,374	4,973
2020	15,473	3,917	14,750
2021	9,533	14,279	5,689
2022	17,479	38,858	10,477
2023	46,106	39,223	10,833
2024	64,369	84,239	-
Subsequent periods	-	183,740	-
Indefinite	72,198	-	67,400
Total	281,485	372,354	152,968

The amount of unused tax credits of the Codere Group at year-end and their expiry dates at 31 December 2014 and 2013 are as follows:

Expiry date	2014	2013
2013	-	606
2014	936	936
2015	807	807
2016	1,512	1,512
2017	1,799	1,799
2018	4,107	4,107
2019	6,844	6,844
2020	1,786	1,786
2021	5,344	5,344
2022	30	30
2023	25	25
2024	14	14
2025	97	97
2026	125	125
2027	6,897	6,897
2028	1,472	8,274
2029	755	-
	32,551	39,203

22. Guarantees extended to third parties and other contingent liabilities

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

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

The breakdown of sureties and bank guarantees at 31 December 2014 and 2013 is as follows:

Sureties and guarantees	Thousand euro	
	2014	2013
Sureties and guarantees for gaming	87,386	114,018
Other guarantees	69,654	78,175
	157,040	192,193

Sureties and guarantees for gaming

The most significant sureties and guarantees for gaming operations at 31 December 2014 and 2013 correspond to suretyship policies in respect of obligations derived from the administrative concession granted by L'Amministrazione Autonoma dei Monopoli dello Stato (AAMS) to Codere Network, S.p.A. for the installation and operation of a gaming management network in Italy in the amount of 19,858 thousand euros at 31 December 2014. It should be noted that these policies are external to the senior credit facility and are therefore not covered by that line's guarantee package. 18,880 thousand euros is also included relating to the guarantee lines which the Group has utilised when drawing down part of the senior financing facility.

Codere S.A. has also provided guarantees to the tax authorities of the autonomous community of Madrid in respect of the organisation and marketing of sports betting operations totalling 12,003 thousand euros at 31 December 2014 and the same amount at 31 December 2013. It should be noted that these policies are external to the senior credit facility and are therefore not covered by that line's guarantee package.

There are other non-bank guarantees counter-guaranteed by Codere, S.A., issued by Afianzadora Aserta S.A. de C.V. in México, guarantees in favour of the Mexican Federal Treasury related to the lawsuits concerning tax related interest of Codere México Group amounting to the equivalent of 34,330 thousand euros at 31 December 2014, compared with 32,320 thousand euros at 31 December 2013.

Codere S.A. has also provided other non-bank guarantees including guarantees issued by Generali in Italy to secure the lease of premises and bingo concessions held by the Operbingo Group totalling 6,403 thousand euros which are counter-guaranteed by Codere, S.A.

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

Other guarantees

Codere S.A. has also provided other non-bank guarantees including guarantees issued by Generali in Italy to secure the lease of premises and bingo concessions held by the Operbingo Group totalling 6.4 million euros, which are counter-guaranteed by Codere, S.A.

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(Thousand euro)

There are other non-bank guarantees counter-guaranteed by Codere, S.A., issued by Afianzadora Aserta S.A. de C.V. in México, guarantees in favour of the Mexican Federal Treasury related to the lawsuits concerning tax related interest of Codere México Group amounting to the equivalent of 34,971 thousand euros at 31 December 2014 and 32,320 thousand euros at 31 December 2013.

Codere S.A. is the parent guarantor on the bonds issued by Codere Finance (Luxembourg), S.A. under an intercreditor agreement between the two companies bearing interest at the same rate as the bonds. These bonds are subsidiarily secured by pledges of shares in Codere España, S.L.U. and Codere Internacional, S.L.U.

In management's opinion, these guarantees should not give rise to significant liabilities beyond the amounts provided for.

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

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

	Thousand euro		
	31 December 2013		
	Land and buildings	Machines	Total
Codere Madrid, S.A.U.	-	52,501	52,501
Operibérica, S.A.	1,557	213	1,770
Codere Barcelona, S.A.	4,557	-	4,557
Recreativos Mae, S.L.	1,278	-	1,278
Gistra, S.L.	144	-	144
J.M.Quero S.A.	1,083	-	1,083
J.P.V.Matic 2005, S.L.	871	-	871
Codere Valencia, S.A.	-	6,087	6,087
Codere Girona, S.L	5,408	-	5,408
Codere Alicante, S.L.	218	-	218
	15,116	58,801	73,917

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

23. Income and expenses

a) Other income

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

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b) Consumables and other external expenses

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

c) Other operating expenses

	Thousand euro	
	Figures restated under IFRS 11	
	2014	2013
Gaming levies and other taxes	468,898	513,363
Machine rentals and other leases	109,531	118,502
Supplies, repair and maintenance	72,448	78,861
Professional services and other expenses	285,378	259,702
Total	936,255	970,428

d) Employee benefit expense

The breakdown of consolidated employee benefit expense in 2014 and 2013 is as follows:

	Thousand euro	
	Figures restated under IFRS 11	
	2014	2013
Wages, salaries and similar expenses	178,998	232,703
Social security costs	46,680	57,410
Other welfare expenses	14,452	9,995
Total	240,130	300,108

"Wages, salaries and similar expenses" includes termination benefits in the amount of 6,411 thousand euros in 2014 (9,270 thousand euros in 2013).

d) Staff

	2014		2013	
	Average number of employees		Average number of employees	
	Men	Women	Men	Women
Administrative staff	276	383	353	464
Executives (including senior management)	118	29	124	19
Middle management	1,593	661	1,456	565
Manual workers	5,963	4,099	7,633	5,406
Technical staff	1,477	582	1,317	434
Total	9,427	5,754	10,883	6,888

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The decrease in the number of employees is due to the Group's restructuring processes carried out in 2014, particularly in Mexico and Argentina.

f) Earnings per share

Basic earnings per share

2014			2013		
Loss for the year (€'000)	Average number of shares	Loss per share	Loss for the year (Thousand euro)	Average number of shares	Loss per share
(207,883)	54,752,222	(3.80)	(205,273)	54,885,363	(3.74)

Basic earnings/loss per share attributable to the parent company

2014			2013		
Loss for the year (€'000)	Average number of shares	Loss per share	Loss for the year (Thousand euro)	Average number of shares	Loss per share
(173,005)	54,752,222	(3.16)	(173,616)	54,885,363	(3.16)

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

2014			2013		
Loss for the year (€'000)	Average number of shares	Loss per share	Loss for the year (Thousand euro)	Average number of shares	Loss per share
(173,005)	54,752,222	(3.16)	(173,616)	54,885,363	(3.16)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For this purpose conversion is treated as having taken place at the start of the period or at the moment the potential ordinary shares were issued, if this took place during the period concerned. At 31 December 2014 and 2013 the Group had no dilutive potential ordinary shares, as no convertible debt had been issued and the share-based payment systems (note 16) will not entail any equity issuance by the Group which could have a dilutive effect in the future.

Including treasury shares, basic earnings per share is calculated on the basis of an average number of shares of 54,752,222 in 2014 (54,885,363 shares in 2013).

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g) Finance income and costs

	Thousand euro	
	Figures restated under IFRS 11	
	2014	2013
Financial expenses		
Contractual interest expense	(132,561)	(133,987)
Provisions and other liabilities: unwinding of discount	(15,613)	(7,325)
Total	(148,174)	(141,312)
Financial income		
Interest income	2,120	2,735
Income from securities, loans and other assets	1,211	2,293
Other finance income	-	39
Total	3,331	5,067
Net foreign exchange gains/(losses)	(45,899)	(8,755)
Net finance costs	(190,742)	(145,000)

Contractual interest expense

This heading reflects interest expense on borrowings from third parties. The year-on-year decrease in 2014 is due mainly to the interest generated on the debt taken on by the Argentine companies to finance the renewal of their licences and the borrowing costs associated with the renewal of the senior debt facility in Codere.

Provisions and other liabilities: unwinding of discount

The increase in this heading in 2014 results from the fact that in 2014 it reflected 51,613 thousand euros relating mainly to the following items:

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

In contrast, in 2013 this heading mainly included the loss due to the adjustment to fair value of the Icela option.

Net foreign exchange gains/(losses)

In 2014 this heading is the net result of 105,739 thousand euros of exchange gains and 151,637 thousand euros of exchange losses. In 2013 this heading is the net result of 85,336 thousand euros of exchange gains and 94,091 thousand euros of exchange losses.

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24. Additional information on the consolidated cash flow statement

Breakdown of cash and cash equivalents

	Thousand euro	
	2014	2013
Cash equivalents	12,806	24,491
Cash at bank and in hand	73,866	77,905
	86,672	102,396

Currency	Thousand euro	
	2014	2013
Euro	43,214	52,394
US dollar	6,284	14,440
Argentine peso	17,641	26,519
Mexican peso	15,932	5,418
Uruguayan peso	1,745	862
Colombian peso	1,657	2,133
Sterling	1	2
Chilean peso	53	199
Brazilian real	145	197
	86,672	102,396

Additional information on cash flows from investing activities

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

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

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

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

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For the year ended 31 December 2013, the main transactions not involving movements of cash were profits on sales of fixed assets (353 thousand euros) operating income (768 thousand euros), losses on disposals or sales of fixed assets (6,842 thousand euros) and operating expenses (9,250 thousand euros).

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

With regard to cash applied to investing activities in the year ended 31 December 2013, payments were made for fixed-asset acquisitions totalling 112,614 thousand euros and 207 thousand euros was earned on sales of fixed assets. In addition, 1,276 thousand euros was received from long-term loans consisting of: a net reduction of 866 thousand euros in loans to the owners of hotel and catering businesses in Spain (loans paid out of 1,523 thousand euros net of receipts of 2,389 thousand euros) and 413 thousand euros received on long-term loans granted to the owners of premises in Italy (loans paid out of 21,534 thousand euros net of receipts of 21,947 thousand euros). Cash paid in respect of acquisitions of companies (net of the cash acquired) totalling 2,822 thousand euros includes the acquisition of machine and bingo operators in Italy, a 459 thousand euro payment for the acquisition of operators in Spain and 16 thousand euros in cash due to the full consolidation of a machine operator in Italy.

Increases in cash due to bank loans of 21,183 thousand euros relate to loans obtained mainly in Uruguay. The 41,644 thousand euros in bank loan repayments relate to Argentina, Mexico, Panama, Spain and Italy. Changes in other financial debt include funds obtained due to the deferral of fees of 8,509 thousand euros and funds applied in the payment of renewal expenses for the senior credit facility totalling 9,288 thousand euros, as well as expenses associated with the bank loans granted in Argentina amounting to 1,334 thousand euros.

The heading "Other cash flows due to the impact of exchange rates on cash receipts and payments" records applications of funds amounting to 9,751 thousand euros.

25. Related party disclosures

Transactions with related parties not belonging to the Group at 31 December 2014 and 2013 and year-end balances resulting from related party transactions were as follows:

2014	Nature of relationship	Thousand euro	
		Loans	Services provided
Encarnación Martínez Sampedro	Executive/Director	512	-
Luis Javier Martínez Sampedro	Executive/Director	1,026	3
Robert Gray	Adviser to the Board	2,015	138
Fernando Ors	Executive	154	-
Jaime Estalella	Executive	3	-
José Ramón Romero	Director	-	500
Pedro Vidal	Executive	154	-
Adolfo Carpena	Executive	103	-
		3,967	641

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2013	Nature of relationship	Thousand euro	
		Loans	Services provided
Encarnación Martínez Sampedro	Executive/Director	503	-
Luis Javier Martínez Sampedro	Executive/Director	1,006	-
Robert Gray	Adviser to the Board	2,183	43
Fernando Ors	Executive	151	-
Jaime Estalella	Executive	101	-
José Ramón Romero	Director	503	500
Pedro Vidal	Executive	151	-
Adolfo Carpena	Executive	101	-
		4,699	543

The interest expense accrued on loans to related parties amounted to 64 thousand euros at year-end 2014 (136 thousand euros at year-end 2013). No balances were pending payment to related parties at either year-end.

The transactions carried out with related parties were at arm's length. At 31 December 2014, interest accrued on loans to directors amounting to 1,103 thousand has been provided for in full. At 31 December 2013, interest accrued on loans to directors amounting to 1,323 thousand euros has been provided for in full.

a) Director and senior management remuneration

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

	Thousand euro	
	2014	2013
Directors' remuneration	742	761
Services rendered (*)	500	500
Fixed and variable remuneration	1,771	1,746
	3,013	3,007

(*) This balance includes fees of 500 thousand euros and 500 thousand euros paid in 2014 and 2013, respectively, to the legal firm of director Mr. José Ramón Romero in respect of legal counsel provided to the Codere Group.

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(Thousand euro)

The fixed remuneration received by the Group's executive directors in 2014 was as follows:

Gross amounts paid (thousand euro)				
Director	Fixed remuneration	Fixed remuneration as director	Remuneration for attending Board meetings	Total
Mr. José Antonio Martínez Sampedro	912	32	30	974
Mr. Luis Javier Martínez Sampedro	650	32	27	709
Ms. Encarnación Martínez Sampedro	209	32	29	270
Total	1,771	96	86	1,953

The fixed remuneration paid to the Company's non-executive directors in 2014 for their membership of the Board of Directors and its various committees (the Audit Committee, Compliance Committee and Corporate Governance Committee) was as follows:

Gross amounts paid (thousand euros)							
Director	Fixed remuneration as director	Remuneration for attending Board meetings	Remuneration paid for vice-presidency	Remuneration for attending Audit Committee meetings	Remuneration for attending Compliance Committee meetings	Remuneration for attending Corporate Governance Committee meetings	Total
Masampe S.L. (1)	32	29	29	-	4	6	100
Mr. José Ignacio Cases Méndez	32	30	-	-	4	7	73
Mr. Joseph Zappala	32	30	-	6	2	-	70
Mr. José Ramón Romero Rodríguez	32	30	-	7	4	-	73
Mr. Eugenio Vela Sastre	32	30	-	7	-	6	75
Mr. Juan José Zornoza Pérez	32	27	-	6	-	7	72
Mr. Juan Junquera Temprano	32	30	23	-	4	7	96
Total	224	206	52	26	18	33	559

(1) Represented by José M. Lastra Bermudez

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The remuneration paid to senior management in 2014 was 3,031 thousand euros (4,030 thousand euros at 31 December 2013). Termination benefits amounting to 272 thousand euros were paid to senior executives in 2014. The employment contracts of several of the Spanish members of Codere's management team contain clauses specifying special payments in the event of dismissal in addition to those required by current legislation. The overall amount of the redundancy payments under these contracts stood at 1.1 million euros at 31 December 2014 and 1.5 million euros at 31 December 2013.

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

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

A conflicted director must abstain from deliberating on resolutions or decisions relating to the transaction giving rise to the conflict. In addition, the directors have confirmed the absence of conflict of interest with Codere, S.A. except as described in Note 3.f. 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, in compliance with Article 4.f) of the Board of Directors Regulations of Codere, S.A., the Directors are also obliged to report any direct or indirect shareholdings held by them or their related parties in companies whose corporate purpose is identical, similar or complementary to that of the Company, additionally reporting any positions or duties discharged at these companies. Against this backdrop, they have declared that they have neither performed nor are currently performing any activities, as independent professionals or as employees, at companies whose corporate purpose is identical, similar or complementary to that of the Company, other than those instances itemised in Appendix III.

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

b) Balances with the Caliente Group

Certain Mexican companies hold receivables against Caliente Group companies (Mexico minority shareholder) that have not been acquired in the amount of 38,858 thousand euros (28,417 thousand euros at 31 December 2013), the amount of which is provided for in full at 31 December 2014.

c) Balances with the CIE Group

The Codere Group has an account receivable of 10,718 thousand euros at 31 December 2014 (10,795 thousand euros at 31 December 2013) with the CIE Group (minority shareholder in Mexico) company Make Pro, S.A. de C.V. relating to advertising and sponsorship.

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26. Auditor remuneration

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

	Thousand euro		
	PricewaterhouseCoopers Audidores, S.L.	Other PwC group companies	Total
<u>FY 2014</u>			
Audit services	290	1,711	2,001
Other services	4	79	83
	294	1,790	2,084
<u>FY 2013</u>			
Audit services	273	1,585	1,896
Other assurance services	132	273	405
Tax advisory services	-	169	169
Other services	34	52	86
	439	2,079	2,556

27. Environmental disclosures

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

The Group did not make any material investments of an environmental nature in either 2014 or 2013.

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

28. Events after the balance sheet date

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

As a result of the financial difficulties undergone by Carrasco Nobile, S.A. and pursuant to Uruguayan law, on 29 October 2014 said company's shareholders approved the requisite capital reduction as the company's equity had fallen below the figure required by Uruguayan legislation. The amount finally approved in at the shareholders' meeting to restore the financial position of Carrasco Nobile, S.A. required a subsequent capital increase to restore the balance between capital and equity. Therefore, at said meeting a capital increase was proposed for a total amount of 525 million Uruguayan pesos (17.7 million euros approx. at 31 December 2014), in order to restore the financial position of Carrasco Nobile, S.A.

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On 23 January 2015, Codere Mexico SA de CV subscribed the capital increase in Carrasco Nobile, S.A. proposed at the Extraordinary General Meeting of 29 October 2014, in an amount of 267.7 million Uruguayan pesos (8.9 million euros approx. at 31 December 2014). As a result of the capital increase, in which the minority shareholder did not take part, Codere Mexico SA de CV increased its interest in Carrasco Nobile, S.A. from 51% to 73.7%.

On 23 January 2015 the Board of Directors of Carrasco Nobile, S.A. ratified the resolution adopted on 10 December 2014 for the restructuring of existing loans with Rospide Corredor de Bolsa, S.A. and other lenders. The agreement involves changes in the principal repayment and interest payment schedule and changes in debt ratios. The Codere Group estimates that the agreement will be formalised during the first quarter of 2015.

Closure of halls in Mexico

During January and February 2014 judicial decisions were received which rejected the possibility of reopening five of the eight halls that were closed in Mexico in 2013. As a result of these notifications, an impairment of the assets associated with those halls has been recognised, entailing a 7.1 million euro impact on the 2014 income statement.

Italian Stability Law

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

Approval of the new Board of Directors Regulations

At a meeting held on 23 January 2015, the Board of Directors of Codere S.A. agreed to amend the Regulations of the Board of Directors in order to bring them into line with the changes included in the Spanish Companies Act as amended on 3 December 2014 with respect to the operation of the Board of Directors and its Committees. Among other relevant matters, the determination of tax strategy and the management of tax risks have been included among competencies reserved for the Board of Directors. The figure of the Coordinating Director has also been regulated, who may request a meeting of the Board and the inclusion of new items on the agenda to reflect the concerns of external directors and who will direct the evaluation by the Board of its Chairman. In addition, the composition of the Audit and Corporate Governance Committees have been altered, requiring a higher number of independent directors.

APPENDIX I
Consolidated Group at 31 December 2014 and 2013

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
SPAIN:						
CARTAYA, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Bingo hall operation	Full consol.	100%	CODERE ESPAÑA, S.L.U.	100%	CODERE ESPAÑA, S.L.U.
C-F8, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming machine operation	Full consol.	75%	OPERIBERICA, S.A.U.	75%	CODERE MADRID, S.A.U.
CODERE ALICANTE, S.L.U. Avda. Alquería de Moret, 19-21 Picanya (Valencia)	Gaming machine operation	Full consol.	59%	CODERE ESPAÑA, S.L.U.	100%	CODERE ESPAÑA, S.L.U.
CODERE APUESTAS, S.A. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	CODERE APUESTAS ESPAÑA, S.L.U.
CODERE APUESTAS ARAGÓN, S.L.U. José Pellicer, 33 (Zaragoza)	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.
CODERE APUESTAS CASTILLA LA MANCHA, S.A.U. Polígono Industrial “Santa Maria de Benquerencia”, Calle Jarama, 50 A 45007 Toledo	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.
CODERE APUESTAS CASTILLA Y LEÓN, S.A.U. Calle Recondo, 11 - 13 47007 Valladolid	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	-	-
CODERE APUESTAS CATALUÑA, S.A. Polígono Industrial “Riera de Caldes” Calle Mercaders, Número 1. 08184 Palaú I Solitá Plegamans (Barcelona)	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	-	-

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
CODERE APUESTAS CEUTA, S.L. Glorieta del Teniente Reinoso, s/nº, edificio "Ceuta Center", locales B-22, B-23, B-24 y B-25 51001 Ceuta	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	-	-
CODERE APUESTAS ESPAÑA, S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Sports betting	Full consol.	100%	CODERE, S.A.	100%	CODERE, S.A.
CODERE APUESTAS EXTREMADURA, S.A.U. Avenida de España, 23 10600 Plasencia (Cáceres)	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	-	-
CODERE APUESTAS GALICIA, S.L.U. Edificio "Palacio de la Opera" Glorieta de América s/n local E, 15004 La Coruña 15004 A Coruña	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.
CODERE APUESTAS MURCIA, S.L.U. Alicante nº 170, 30007 Murcia	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.
CODERE APUESTAS NAVARRA S.A. Polígono Plazaola, Manzana D, Nave 10, Aizoain -31195 Barrioplano (Navarra)	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.
CODERE APUESTAS LA RIOJA, S.A. Polígono Industrial "El Sequero", Calle Río Piqueras, 133 – N3 26151 Arrubal (La Rioja)	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	-	-
CODERE APUESTAS VALENCIA S.A.U. Avda. Alquería de Moret, 19-21 Picanya (Valencia)	Sports betting	Full consol.	100%	CODERE APUESTAS ESPAÑA S.L.U.	100%	CODERE APUESTAS ESPAÑA S.L.U.
CODERE AMÉRICA, S.A.U. Avda. de Bruselas, 26	Management and administration of equity of entities not resident in	Full consol.	100%	CODERE INTERNACIONAL DOS S.A.U.	100%	CODERE INTERNACIONAL DOS S.A.U.

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
28108 Alcobendas (Madrid)	Spain					
CODERE ASESORÍA, S.A.U. Avda. Alquería de Moret, 19-21 Picanya (Valencia)	Gaming machine operation	Full consol.	100%	OPERIBERICA, S.A.U.	94.72%	CODERE VALENCIA, S.A.
CODERE BARCELONA, S.A.U. Mercaders, 1. Pol. Ind. Riera de Caldes Palau de Plegamans (Barcelona)	Gaming machine operation		-	-	100%	CODERE ESPAÑA, S.L.U.
CODERE DISTRIBUCIONES, S.L.U. Mercaders, 1. Pol. Ind. Riera de Caldes Palau de Plegamans (Barcelona)	Gaming machine operation, distribution and marketing	Full consol.	100%	OPERIBERICA, S.A.U.	100%	CODERE BARCELONA, S.A.U.
CODERE ESPAÑA, S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Holding company; gaming machine and bingo hall operation	Full consol.	100%	CODERE, S.A.	100%	CODERE, S.A.
CODERE GIRONA, S.A. C/ Benet del Riu, 10 Girona (Barcelona)	Gaming machine operation	Full consol.	66.67%	CODERE ESPAÑA, S.L.U.	66.67%	CODERE ESPAÑA, S.L.U.
CODERE GUADALAJARA, S.A. Avda. de Bruselas, 26 Alcobendas (Madrid)	Gaming machine operation	Full consol.	50%	OPERIBERICA, S.A.U.	50%	CODERE MADRID, S.A.U.
CODERE HUESCA, S.L. C/ Cavia, 8 portal 6, local B (Huesca)	Gaming machine operation	Full consol.	51.02%	OPERIBERICA, S.A.U.	51.02%	CODERE BARCELONA, S.A.U.
CODERE INTERNACIONAL, S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Holding company	Full consol.	100%	CODERE, S.A.	100%	CODERE, S.A.
CODERE INTERNACIONAL DOS S.A.U. Avda. de Bruselas, 26	Holding company	Full consol.	100%	CODERE INTERNACIONAL S.L.U.	100%	CODERE INTERNACIONAL S.L.U.

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
28108 Alcobendas (Madrid)						
CODERE INTERACTIVA, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Television, online and telephony gaming	Full consol.	90%	CODERE, S.A.	90%	CODERE, S.A.
CODERE LOGROÑO, S.L. Piqueras 133.3 Arrubal (La Rioja)	Gaming machine operation	Full consol.	75.03%	OPERIBERICA, S.A.U.	75.03%	CODERE BARCELONA, S.A.U.
CODERE MADRID, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming machine operation		-	-	100%	CODERE ESPAÑA, S.L.U.
CODERE ONLINE S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming organisation, marketing and operation	Full consol.	100%	CODERE ESPAÑA, S.L.U.	100%	CODERE ESPAÑA, S.L.U.
CODERE SAGUNTO, S.L. Pol. Ind. Alqueria de Moret, Avda. Alqueria de Moret, 19 y 21 Picanya (Valencia)	Gaming machine operation	Full consol.	100%	OPERIBERICA, S.A.U.	-	-
Codere Servicios Compartidos, S.A. (*) Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Financial services	Full consol.	100%	CODERE, S.A.	100%	CODERE, S.A.
CODERE SERVICIOS S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Advisory, intermediary and real-estate development and management services	Full consol.	100%	JPV MATIC 2005, S.L.	100%	JPV MATIC 2005, S.L.
CODERE VALENCIA, S.A. Avda. Alquería de Moret, 19-21 Picanya (Valencia)	Gaming machine operation		-	-	94.72%	CODERE ESPAÑA, S.L.U.
CODERE, S.A. Avda. de Bruselas, 26	Financial services	Full consol.	100%	-	100%	-

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
28108 Alcobendas (Madrid)						
COLONDER, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Holding company	Full consol.	100%	CODERE INTERNACIONAL DOS S.A.U.	100%	CODERE INTERNACIONAL DOS S.A.U.
COMERCIAL YONTXA, S.A. C/Nicolás Alcorta, 1 48003 Bilbao	Gaming machine operation	Full consol.	51%	OPERIBERICA, S.A.U.	51%	OPERIBERICA, S.A.U.
DESARROLLO ONLINE JUEGOS REGULADOS, S.A.U. C/ Manises nº 33 28224 Pozuelo de Alarcón (Madrid)	Online gaming activities	Full consol.	100%	CODERE ONLINE S.A.U.	100%	CODERE, S.A.
EL PORTALÓN, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming machine operation	Full consol.	50%	OPERIBERICA, S.A.U.	50%	CODERE MADRID, S.A.U.
GARAIPEN VICTORIA APUSTUAK, S.L. C/ Nicolás Alkorta, 1 48003 Bilbao	Sports betting	Full consol.	85.15%	CODERE APUESTAS ESPAÑA, S.L.U. and COMERCIAL YONTXA S.A.	84.46%	CODERE APUESTAS ESPAÑA, S.L.U. and COMERCIAL YONTXA S.A.
GISTRA, S.L.U. C/ Velázquez, 18 46018 Valencia	Premise leasing		-	-	47.36%	RECREATIVOS RUAN, S.A.

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
J.M. QUERO Y ASOCIADOS, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming machine operation	Full consol.	100%	CODERE ESPAÑA, S.L.U.	100%	CODERE ESPAÑA, S.L.U.
JPVMATIC 2005, S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming machine operation	Full consol.	100%	CODERE ESPAÑA, S.L.U.	100%	CODERE ESPAÑA, S.L.U.
MISURI, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Bingo gaming	Full consol.	100%	CODERE ESPAÑA, S.L.U.	100%	CODERE ESPAÑA, S.L.U.
NIDIDEM, S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Management of controlled investees	Full consol.	100%	CODERE INTERNACIONAL DOS S.A.U.	100%	CODERE INTERNACIONAL DOS S.A.U.
OPERIBÉRICA, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming machine operation	Full consol.	100%	CODERE ESPAÑA, S.L.U.	100%	CODERE ESPAÑA, S.L.U.
OPEROESTE, S.A. C/Hernán Cortés, 188 Villanueva de la Serena (Badajoz)	Gaming machine operation	Full consol.	50%	OPERIBÉRICA, S.A.U.	50%	OPERIBÉRICA, S.A.U.
OPERSHERKA, S.L.U. C/ Padre Melchor Prieto, 31 (Burgos)	Gaming machine operation	Full consol.	51%	COMERCIAL YONTXA, S.A.	51%	COMERCIAL YONTXA, S.A.
RECREATIVOS ACR, S.L. Polígono Espíritu Santo, Parcela 11-12 33010 Oviedo (Asturias)	Gaming machine operation	Full consol.	50%	OPERIBÉRICA, S.A.U.	50%	OPERIBÉRICA, S.A.U.
RECREATIVOS MAE, S.L.U. Ctra. Palma – Alcudia, km. 19400	Gaming machine operation		-	-	100%	CODERE ESPAÑA, S.L.U.

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
Consell (Mallorca)						
RECREATIVOS OBELISCO, S.L.						
Huercal de Almería. C/ San Rafael-73. Polígono Industrial San Rafael Almería	Gaming machine operation	Full consol.	60.61%	OPERIBÉRICA, S.A.U.	60.61%	OPERIBÉRICA, S.A.U.
RECREATIVOS POPULARES, S.L.						
C/ Puente de la Reina, 26- Bajo Valladolid	Gaming machine operation		-	-	75%	OPERIBÉRICA, S.A.U.
RECREATIVOS RUAN, S.A.						
C/Velázquez, 18 Valencia	Gaming machine operation		-	-	47.36%	CODERE VALENCIA, S.A.
RED AEAM, S.A.U.						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Bingo gaming	Full consol.	100%	MISURI, S.A.U.	100%	MISURI, S.A.U.
RESTI Y CIA, S.L.						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming machine operation	Full consol.	50%	OPERIBÉRICA, S.A.U.	50%	CODERE MADRID, S.A.U.
RESUR CÁDIZ, S.L.						
P.I. El Porvenir Nave 1-2, Jerez de la Frontera (Cádiz)	Gaming machine operation		-	-	50%	CODERE ESPAÑA, S.L.U.
SIGIREC, S.L.						
Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming machine operation	Full consol.	75.05%	OPERIBÉRICA, S.A.U.	75.05%	OPERIBÉRICA, S.A.U.

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
ARGENTINA						
BINGOS DEL OESTE, S.A. Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Lotteries and bingo halls	Full consol.	100%	CODERE ARGENTINA, S.A. and BINGOS PLATENSES, S.A	100%	CODERE ARGENTINA, S.A. and BINGOS PLATENSES, S.A
BINGOS PLATENSES, S.A. Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Bingo hall operation	Full consol.	100%	CODERE ARGENTINA, S.A. and COLONDER S.A.U.	100%	CODERE ARGENTINA, S.A. and COLONDER S.A.U.
CODERE ARGENTINA, S.A. Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Holding company	Full consol.	100%	IBERARGEN, S.A. and COLONDER S.A.U.	100%	CODERE AMÉRICA, S.A.U.,NIDIDEM S.L.U. and IBERARGEN, S.A.
IBERARGEN, S.A. Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Bingo, lotteries and food and drink	Full consol.	100%	COLONDER S.A.U. and NIDIDEM, S.L.U.	100%	COLONDER S.A.U. and NIDIDEM, S.L.U.
INTERBAS, S.A. Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Lottery and bingo hall operation	Full consol.	100%	COLONDER S.A.U. and IBERARGEN S.A.	100%	COLONDER S.A.U. and IBERARGEN S.A.
INTERJUEGOS, S.A. Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Lotteries and bingo	Full consol.	100%	CODERE ARGENTINA, S.A. and COLONDER S.A.U.	100%	CODERE ARGENTINA, S.A. and COLONDER S.A.U.
INTERMAR BINGOS, S.A. Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Bingo hall operation	Full consol.	80%	CODERE ARGENTINA, S.A. and COLONDER S.A.U.	80%	CODERE ARGENTINA, S.A. and COLONDER S.A.U.
ITAPOAN, S.A. Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Bingo hall operation	Full consol.	81.80%	IBERARGEN, S.A. and INTERBAS, S.A.	81.76%	IBERARGEN, S.A. and INTERBAS, S.A.

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
SAN JAIME, S.A. Av. Del Libertador 1068, P 9º Buenos Aires (Argentina)	Real estate	Full consol.	100%	CODERE ARGENTINA, S.A. and BINGOS DEL OESTE, S.A.	100%	CODERE ARGENTINA, S.A. and BINGOS DEL OESTE, S.A.
BRAZIL:						
CODERE DO BRASIL Ltda. Rua Helena, 260 – conjuntos 82 e 84,Vila Olímpia Ciudad de Sao Paulo (Estado de Sao Paulo)	Gaming machine operation and racetrack management	Full consol.	100%	CODERE AMÉRICA, S.A.U. and NIDIDEM, S.L.U.	100%	CODERE AMÉRICA, S.A.U. and NIDIDEM, S.L.U.
CHILE:						
CODERE CHILE, Ltda. Gerónimo de Alderete 790, depto. 107, La Florida, Santiago de Chile (Chile)	Investment, lease, disposal, sale-purchase and exchange of all manner of assets	Full consol.	100%	CODERE AMÉRICA, S.A.U. and NIDIDEM, S.L.U.	100%	CODERE AMÉRICA, S.A.U. and NIDIDEM, S.L.U.
COLOMBIA:						
BINGOS CODERE, S.A. Transversal 95 Bis A# 25 D - 41 Bogotá (Colombia)	Bingo hall operation	Full consol.	99.99%	NIDIDEM, S.L.U., INTERSARE, S.A., CODERE COLOMBIA, S.A., COLONDER, S.A.U. and CODERE AMÉRICA S.A.U.	99.99%	NIDIDEM, S.L.U., INTERSARE, S.A., CODERE COLOMBIA, S.A., COLONDER, S.A. and CODERE AMÉRICA S.A.U.
CODERE COLOMBIA, S.A. Transversal 95 Bis A# 25 D - 41 Bogotá (Colombia)	Operation of electronic games and games of chance	Full consol.	99.99%	COLONDER, S.A.U., NIDIDEM S.L.U., CODERE AMÉRICA, S.A.U. and CODERE INTERNACIONAL S.L.U.	99.99%	COLONDER, S.A.U., NIDIDEM S.L.U., CODERE AMÉRICA, S.A.U. and CODERE INTERNACIONAL S.L.U.
INTERSARE, S.A. Transversal 95 Bis A No. 25 D – 41 Bogotá (Colombia)	Business operation of electronic gaming machines directly and via third parties	Full consol.	59.89%	CODERE COLOMBIA S.A. and NIDIDEM, S.L.U.	59.89%	CODERE COLOMBIA S.A. and NIDIDEM, S.L.U.

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
ENGLAND AND SCOTLAND:						
CODERE FINANCE (UK) 5th Floor, 6 St. Andrew Street, London EC 4* 3AE United Kingdom	Authorised to conduct all legal activities.	Full consol.	100%	CODERE, S.A.	-	-
ITALY:						
BINTEGRAL, S.P.A. Via Cornellia, 498 Rome	Bingo hall operation	Full consol.	100%	OPERBINGO ITALIA, S.P.A.	100%	OPERBINGO ITALIA, S.P.A.
CODERE GAMING ITALIA, S.R.L. Via Cornellia, 498 Rome	Holding company	Full consol.	100%	CODERE ITALIA, S.P.A.	100%	CODERE ITALIA, S.P.A.
CODERE ITALIA, S.P.A. Via Cornellia, 498 Rome	Provision of advisory services	Full consol.	100%	CODERE INTERNACIONAL, S.L.U.	100%	CODERE INTERNACIONAL, S.L.U.
CODEMATICA, S.R.L. Via Cornellia, 498 Rome	Gaming machine operation	Full consol.	100%	CODERE GAMING ITALIA, S.R.L.	100%	CODERE GAMING ITALIA, S.R.L.
HIPPOBINGO FIRENZE, SRL.(formerly CODERE INTERATTIVA ITALIA S.R.L.) Via Cornellia, 498 Rome	Television, online and telephony gaming	P	34%	OPERBINGO ITALIA S.P.A.	100%	OPERBINGO ITALIA S.P.A.
CODERE NETWORK, S.P.A. Via Cornellia, 498 Rome	Network concession	Full consol.	100%	CODEMATICA, S.R.L.	100%	CODEMATICA, S.R.L.

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
CRISTALTEC SERVICE, S.R.L. Via Cornellia, 498 Rome	Gaming machine operation	Full consol.	51%	CODERE ITALIA, S.P.A.	51%	CODERE ITALIA, S.P.A.
DP SERVICE S.R.L. Via Cornelia 498 Rome	Gaming machine operation	Full consol.	60%	CODERE ITALIA, S.P.A.	60%	CODERE ITALIA, S.P.A.
FG SLOT SERVICE S.R.L. Via Cornellia, 498 Rome	Gaming machine operation	Full consol.	55%	CODERE ITALIA, S.P.A.	55%	CODERE ITALIA, S.P.A.
GAMING RE S.R.L. Via Cornellia, 498 Rome	Gaming machine operation	Full consol.	75%	CODERE ITALIA, S.P.A.	75%	CODERE ITALIA, S.P.A.
GAP GAMES S.R.L. Via Cornellia, 498 Rome	Gaming machine operation	Full consol.	51%	CODERE ITALIA, S.P.A.	51%	CODERE ITALIA, S.P.A.
GESTIONI MARCONI, S.R.L. Via Cornellia, 498 Rome	Bingo hall operation	Full consol.	100%	OPERBINGO ITALIA, S.P.A.	100%	OPERBINGO ITALIA, S.P.A.
GIOMAX, S.R.L. Via Cornellia, 498 Rome	Bingo hall operation	Full consol.	100%	OPERBINGO ITALIA, S.P.A.	100%	OPERBINGO ITALIA, S.P.A.
KING SLOT S.R.L. Via Strada Statale Sannitica, 265. km.25,800 Maddaloni (Ce), Italy	Bingo hall operation	Full consol.	85%	OPERBINGO ITALIA, S.P.A.	75%	OPERBINGO ITALIA, S.P.A.
KING BINGO, S.R.L.	Bingo hall operation					

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
Via Strada Statale Sannitica, 265. km.25,800 Maddaloni (Ce), Italy		Full consol.	85%	OPERBINGO ITALIA, S.P.A.	75%	OPERBINGO ITALIA, S.P.A.
NEW JOKER S.R.L. Via della Magliana, 279a Rome	Bingo hall operation	P	30%	OPERBINGO ITALIA, S.P.A.	30%	OPERBINGO ITALIA, S.P.A.
OPERBINGO ITALIA, S.P.A. Via Cornellia, 498 Rome	Bingo hall operation	Full consol.	100%	CODERE ITALIA, S.P.A.	100%	CODERE ITALIA, S.P.A.
PALACE BINGO, S.R.L. Via Cornellia, 498 Rome	Bingo hall operation	Full consol.	100%	OPERBINGO ITALIA, S.P.A.	100%	OPERBINGO ITALIA, S.P.A.
PARISIENNE, S.R.L. Via Cornelia, 498 Rome	Bingo hall operation	Full consol.	100%	OPERBINGO ITALIA, S.P.A.	100%	OPERBINGO ITALIA, S.P.A.
ROYAL JACKPOT, S.R.L. Via Cornellia, 498 Colleferro (RM)	Bingo hall operation	Full consol.	51%	CODERE ITALIA, S.P.A.	51%	CODERE ITALIA, S.P.A.
SEVEN CORA SERVICE, S.R.L. Via Cornellia, 498 Rome	Gaming machine operation	Full consol.	60%	CODERE ITALIA, S.P.A.	60%	CODERE ITALIA, S.P.A.
VASA & AZZENA SERVICE, S.R.L. Via Cornellia, 498 Rome	Gaming machine operation	Full consol.	51%	CODERE ITALIA, S.P.A.	51%	CODERE ITALIA, S.P.A.
VEGAS, S.R.L. Via Cornellia, 498 Rome	Bingo hall operation	Full consol.	100%	OPERBINGO ITALIA, S.P.A.	100%	OPERBINGO ITALIA, S.P.A.

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
FLORIDA:						
CODERE INTERACTIVE, INC 200 Crandon Boulevard, Suite 331Key Biscayne 33149 Florida, USA	Any legal business.	Full consol.	100%	CODERE S.A.	100%	CODERE S.A.
LUXEMBOURG:						
CODERE FINANCE, S.A. 6C, rue Gabriel Lippmann, L-5365 Munsbach- Luxembourg Munsbach	Holding company	Full consol.	100%	CODERE, S.A. and CODERE ESPAÑA, S.L.U.	100%	CODERE, S.A. and CODERE ESPAÑA, S.L.U.
MEXICO:						
ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V Palmas 1005 Desp 714. 67.30% Lomas Chapultepec	Operation, administration and development of racetracks and sports events	Full consol.	84.8%	IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A.P.I. DE C.V. and SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. DE C.V.	84.8%	IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A.P.I. DE C.V. and SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. DE C.V.
ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. ASOCIACIÓN EN PARTICIPACIÓN Av Del Conscripto 311 Acc 4 Caballeriza 6D-102 Lomas de Sotelo	Operation, administration and development of racetracks and sports events	Full consol.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A DE C.V. and ENTRETENIMIENTO RECREATIVO, S.A. DE C.V.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A DE C.V. and ENTRETENIMIENTO RECREATIVO, S.A. DE C.V.
ADMINISTRADORA MEXICANA DEL HIPÓDROMO II, S.A. DE C.V Palmas 1005 Desp 714. 67.30% Lomas Chapultepec	Operation, administration and development of racetracks and sports events	Full consol.	83.96%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V., JUEGAMAX DE LAS AMÉRICAS S.A. DE C.V.	43.66%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V., JUEGAMAX DE LAS AMÉRICAS S.A. DE C.V. and ENTRETENIMIENTO VIRTUAL, S.A. DE C.V.
ADMINISTRADORA MEXICANA DEL	Operation, administration and			ADMINISTRADORA		ADMINISTRADORA MEXICANA

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
HIPÓDROMO III, S.A. de C.V. Palmas 1005 Desp 714. 67.30% Lomas Chapultepec	development of racetracks and sports events	Full consol.	84.80%	MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and IMPULSORA RECREATIVA DE ENTRETENIMIENTO AMH, S.A. DE C.V.	43.66%	DEL HIPÓDROMO, S.A. DE C.V., IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A. DE C.V. and ENTRETENIMIENTO VIRTUAL, S.A. DE C.V.
ADMINISTRADORA MEXICANA DEL HIPÓDROMO IV, S.A. de C.V. Palmas 1005 Desp 714. 67.30% Lomas Chapultepec	Operation, administration and development of racetracks and sports events	Full consol.	43.25%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V.	43.25%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V., IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A. DE C.V. and 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	Development, construction, organisation, operation, acquisition of and equity investing in companies	Full consol.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and ENTRETENIMIENTO VIRTUAL, S.A. DE C.V.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and ENTRETENIMIENTO VIRTUAL, S.A. DE C.V.
CALLE ICELA S.A. DE C.V. AV Industria Militar S/N Acceso 2 Puerta A Col Residencial Militar Mexico DF 11200	Development, construction, organisation, operation, acquisition of and equity investing in companies	P	49%	CODERE MÉXICO, S.A. DE C.V.	-	-
CODERE MÉXICO, S.A. DE C.V. Pº de la Reforma 905 Col Lomas de Chapultepec CP 11000 Mexico D.F.	Holding company	Full consol.	100%	CODERE AMÉRICA, S.A.U., CODERE S.A. and NIDIDEM, S.L.U.	100%	CODERE AMÉRICA, S.A.U., CODERE S.A. and NIDIDEM, S.L.U.
CENTRO DE CONVENCIONES LAS AMÉRICAS S.A de C.V. Av Del Conscripto 311 Acc 4 Caballeriza 6D-102 Lomas de Sotelo	Administration, operation and development of exhibitions and conventions	P	49%	HOTEL ICELA S.A.P.I. DE C.V. and CALLE ICELA S.A.P.I. DE C.V.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and ENTRETENIMIENTO VIRTUAL S.A. DE C.V.
COMERCIALIZADORA SORTIJUEGOS, S.A. DE C.V. Av Del Conscripto 311 Acc 4 Caballeriza 6D-110	Other business support services	Full consol.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and ENTRETENIMIENTO VIRTUAL S.A.

Name	Business	Consolidation method	2014		2013	
			%	%	%	%
			Shareholding	Holding company	Shareholding	Holding company
Lomas de Sotelo				ENTRETENIMIENTO VIRTUAL S.A. DE C.V.		DE C.V.
ENTRENIMIENTO RECREATIVO, S.A. DE C.V. P° de las Palmas, 1005 DET. 512 Mexico	Operation of legally-permitted games	Full consol.	84.8%	IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A.P.I. DE C.V. and ENTRETENIMIENTO VIRTUAL, S.A. DE C.V.	84.8%	IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A.P.I. DE C.V. and ENTRETENIMIENTO VIRTUAL, S.A. DE C.V.
ENTRETENIMIENTO VIRTUAL, S.A. DE C.V. Av Del Conscripto 311 Acc 4 Caballeriza 6D-101 Lomas de Sotelo	Development, construction, organisation, operation, acquisition of and equity investing in companies	Full consol.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and ENTRETENIMIENTO RECREATIVO S.A. DE C.V.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and CENTRO DE CONVENCIONES LAS AMÉRICAS S.A. DE C.V.
GRUPO CALIENTE S.A.P.I. DE C.V. Blub. Manuel Ávila Camacho, 40 Lomas de Chapultepec	Operation of gaming machines and games of chance	Full consol.	67.30%	CODERE MÉXICO, S.A. DE C.V.	67.30%	CODERE MÉXICO, S.A. DE C.V.
GRUPO INVERJUEGO, S.A.P.I. DE C.V. Blub. Manuel Ávila Camacho, 40 Lomas de Chapultepec	Gaming	Full consol.	67.30%	CODERE MÉXICO, S.A. DE C.V.	67.30%	CODERE MÉXICO, S.A. DE C.V.
HOTEL ENTRETENIMIENTO LAS AMÉRICAS, S.A. DE C.V. Av Del Conscripto 311 Acc 4 Caballeriza 6D-102 Lomas de Sotelo	Construction and management of tourism and sports complexes	P	49%	HOTEL ICELA S.A.P.I. DE C.V. and CALLE ICELA S.A.P.I. DE C.V.	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. DE C.V.
HOTEL ICELA S.A.P.I. DE C.V. AV Industria Militar S/N Acceso 2 Puerta A Col Residencial Militar Mexico DF 11200	Development, construction, organisation, operation, acquisition of and equity investing in companies	P	49%	CODERE MÉXICO, S.A. DE C.V.	-	-
IMPULSORA RECREATIVA DE ENTRETENIMIENTO AMH, S.A. DE C.V. Av Del Conscripto 311 Acc 4 Caballeriza 6D-102	Gaming room management	Full consol.	84.80%	ENTRETENIMIENTO VIRTUAL, S.A. DE C.V. and COMERCIALIZADORA	43.25%	ENTRETENIMIENTO VIRTUAL, S.A.

Name	Business	Consolidation method	2014		2013	
			%	%	%	%
			Shareholding	Holding company	Shareholding	Holding company
Lomas de Sotelo				SORTIJUEGOS, S.A. DE C.V.		DE C.V.
IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A.P.I. de C.V. Av Del Conscripto 311 Acc 4 Caballeriza 6D-102 Lomas de Sotelo	Payroll services	Full consol.	84.80%	CODERE MÉXICO, S.A. DE C.V.	84.80%	CODERE MÉXICO, S.A. DE C.V.
JUEGAMAX DE LAS AMÉRICAS S.A. DE CV Av Del Conscripto 311 Acc 4 Caballeriza 6D-102 Lomas de Sotelo	Gaming room operation	Full consol.	84.80%	ENTRETENIMIENTO VIRTUAL, S.A. DE C.V. and COMERCIALIZADORA SORTIJUEGOS, S.A. DE C.V.	43.25%	ENTRETENIMIENTO VIRTUAL, S.A. DE C.V.
JOMAHARHO S.A.P.I. DE C.V. Blvd. Agua Caliente 12027 67.30% Hipódromo, Tijuana, B.C	Organisation of all manner of games, bets and draws	Full consol.	67.30%	CODERE MÉXICO, S.A. DE C.V.	67.30%	CODERE MÉXICO, S.A.
MIO GAMES, S.A. DE C.V. Club. Manuel Ávila Camacho, n° 460 –D int. Colonia San Andrés Atoto 53300 Naucalpan Estado de México	Gaming	Full consol.	67.30%	PROMOJUEGOS DE MÉXICO, S.A. DE C.V. and GRUPO INVERJUEGO, S.A.P.I. DE C.V.	67.30%	PROMOJUEGOS DE MÉXICO, S.A. DE C.V. and GRUPO INVERJUEGO, S.A.P.I. DE C.V.
LIBROS FORANEOS S.A. DE C.V. Blvd. Agua Caliente 12027 67.30% Hipódromo, Tijuana, B.C.	Organisation of all manner of games, bets and draws	Full consol.	67.30%	GRUPO CALIENTE S.A.P.I. DE C.V. and JOMAHARHO S.A.P.I. DE C.V.	67.30%	GRUPO CALIENTE S.A.P.I. DE C.V. and JOMAHARHO S.A.P.I. DE C.V.
OPERADORA CANTABRICA S.A. DE C.V. Blvd. Agua Caliente 12027 67.30% Hipódromo Tijuana, B.C.	Organisation of all manner of games, bets and draws	Full consol.	67.28%	GRUPO CALIENTE S.A.P.I. DE C.V., JOMAHARHO S.A.P.I. DE C.V., OPERADORA DE ESPECTÁCULOS DEPORTIVOS S.A. DE C.V. and LIBROS FORANEOS S.A. DE C.V.	67.28%	GRUPO CALIENTE S.A.P.I. DE C.V., JOMAHARHO S.A.P.I. DE C.V., OPERADORA DE ESPECTÁCULOS DEPORTIVOS S.A. DE C.V. and LIBROS FORANEOS S.A. DE C.V.
OPERADORA DE ESPECTÁCULOS DEPORTIVOS S.A. DE C.V.	Organisation of all manner of games, bets and draws			GRUPO CALIENTE S.A.P.I DE C.V. and JOMAHARHO S.A.P.I.		GRUPO CALIENTE S.A.P.I DE C.V. and JOMAHARHO S.A.P.I. DE C.V.

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
Blvd. Agua Caliente 12027 67.30% Hipódromo Tijuana, B.C.		Full consol.	67.30%	DE C.V.	67.30%	
PROMOCIONES RECREATIVAS MEXICANAS, S.A. DE C.V. Reforma 905, Col Lomas de Chapultepec 110000 Mexico D.F	Advisory services, operation, administration and other activities related to number games transmitted digitally to specific locations	Full consol.	100%	CODERE MÉXICO, S.A. DE C.V. and NIDIDEM S.L.U.	100%	CODERE MÉXICO, S.A. DE C.V. and NIDIDEM S.L.U.
PROMOJUEGOS DE MÉXICO, S.A. DE C.V. Club. Manuel Ávila Camacho, 40 Lomas de Chapultepec	Gaming	Full consol.	67.30%	GRUPO INVERJUEGO, S.A.P.I. DE C.V. and MIO GAMES, S.A. DE C.V.	67.30%	GRUPO INVERJUEGO, S.A.P.I. DE C.V. and MIO GAMES, S.A. DE C.V.
RECREATIVOS CODERE, S.A. DE C.V. Club Manuel Ávila Camacho, 40 Lomas de Chapultepec	Gaming	Full consol.	100%	CODERE MÉXICO, S.A. DE C.V. and NIDIDEM S.L.U.	100%	CODERE MÉXICO, S.A. DE C.V. and NIDIDEM S.L.U.
RECREATIVOS MARINA, S.A. DE C.V. Club. Manuel Ávila Camacho, 40 Lomas de Chapultepec	Gaming	Full consol.	100%	CODERE MÉXICO, S.A. DE C.V. and PROMOCIONES RECREATIVAS MEXICANAS, S.A. DE C.V.	100%	CODERE MÉXICO, S.A. DE C.V. and PROMOCIONES RECREATIVAS MEXICANAS, S.A. DE C.V.
SECOFACH, S.A. DE C.V. Av Del Conscripto 311 Acc 4 Caballeriza 6D-101 Lomas de Sotelo	Provision of staff administration, hiring, advisory and assistance services, including payroll services	Full consol.	84.80%	SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. DE C.V. and ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A DE C.V.	84.80%	SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. DE C.V. and ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A DE C.V.
SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. DE C.V. Av Del Conscripto 311 Acc 4 Caballeriza 6D-101 Lomas de Sotelo	Provision of staff administration, hiring, advisory and assistance services, including payroll services	Full consol.	84.80%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and ENTRETENIMIENTO RECREATIVO S.A. DE C.V.	84.80%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. DE C.V. and CENTRO DE CONVENCIONES LAS AMÉRICAS S.A. DE C.V.
PANAMA:						
ALTA CORDILLERA, S.A.	Full casino operation			CODERE CHILE, LTDA.		CODERE CHILE, LTDA.

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
Urbanización El Cangrejo Edificio 27 Ciudad de Panamá		Full consol.	75%	CODERE AMÉRICA, S.A.U.	75%	CODERE AMÉRICA, S.A.U.
HÍPICA DE PANAMÁ, S.A. Vía José Agustín Arango, Corregimiento de Juan Díaz, Apdo 1, Zona 9ª Panama	Racetracks and slot machines	Full consol.	75%	ALTA CORDILLERA, S.A.	75%	ALTA CORDILLERA, S.A.
COMPAÑÍA DE RECREATIVOS DE PANAMÁ, S.A. C/ 50 y Elvira Méndez, Torre Financial Center, Piso 40 y 41 Panama	Financial services	Full consol.	100%	CODERE CHILE, LTDA.	100%	CODERE AMÉRICA S.A.U.
PUERTO RICO:						
CODERE PUERTO RICO, Inc. Puerto Rico	Holding company		-	-	99.99%	CODERE AMÉRICA S.A.U.
URUGUAY:						
CODERE URUGUAY, S.A. C/ Juncal 1327 Apto. 2201 Montevideo (Uruguay)	Installation, administration and operation of bingo halls and complementary services	Full consol.	100%	COLONDER, S.A.U. and CODERE AMÉRICA, S.A.U.	100%	COLONDER, S.A.U. and CODERE AMÉRICA, S.A.U.
HÍPICA RIOPLATENSE URUGUAY, S.A. José María Guerra 3540 Montevideo (Uruguay)	Racetracks and slot machines	P	50%	CODERE URUGUAY, S.A.	50%	CODERE URUGUAY, S.A.
CARRASCO NOBILE, S.A. Costa Rica 1571	Operation, administration and management of hotels, casinos, gaming rooms, slot machines and related activities	Full consol.	51%	CODERE MÉXICO, S.A. DE C.V.	51%	CODERE MÉXICO, S.A. DE C.V.

Name	Business	Consolidation method	2014		2013	
			%		%	
			Shareholding	Holding company	Shareholding	Holding company
Montevideo (Uruguay)						

APPENDIX II
Reserves and retained earnings by company
at 31 December 2014

The breakdown of the reserve and retained earnings accounts by company at 31 December 2014 (in thousand euro) is as follows:

Company	Share capital	Share premium	Reserves	Retained earnings	Interim dividend	Equity
ADMINIST.MEXICANA HIPODROMO II S.A. C.V.	(1,536)	-	(67)	(486)	-	(2,089)
ADMINIST.MEXICANA HIPODROMO III S.A. C.V.	(1,588)	-	748	60	-	(780)
ADMINIST.MEXICANA HIPODROMO IV S.A. C.V.	(2,941)	-	897	771	-	(1,273)
ADMINIST.MEXICANA HIPODROMO S.A. C.V.	(115,292)	(5,994)	(78,895)	(4,722)	-	(204,903)
ALTA CORDILLERA, S.A.	(24,627)	-	(10,511)	78	-	(35,060)
ASOCIACION EN PARTICIPACION	(14,221)	-	(6,753)	(3,854)	-	(24,828)
BINGOS CODERE S.A.	(2,521)	-	2,239	(81)	-	(363)
BINGOS DEL OESTE S.A.	(54)	-	(2,417)	1,190	-	(1,281)
BINGOS PLATENSES S.A.	-	-	(11,536)	(2,679)	-	(14,215)
BINTEGRAL S.P.A.	(300)	-	(13,698)	(1,248)	-	(15,246)
CALLE DEL ENTRETENIMIENTO, S.A. DE C.V.	(4)	-	934	(45)	-	885
CALLE ICELA, S.A. DE C.V.	(3)	-	-	5	-	2
CARRASCO NOBILE, S.A.B DE C.V	(10,456)	-	(4,861)	14,155	-	(1,162)
CARTAYA S.A.	(120)	-	(127)	(3)	-	(250)
CENT.CONVENC.AMERICAS, S.A. DE C.V.	(3)	-	3	-	-	-
CODEMÁTICA SRL.	(10)	-	(87)	145	-	48
CODERE S.A.	(11,007)	(231,280)	210,743	94,602	-	63,058
CODERE ALICANTE S.L.	(875)	-	(389)	(120)	-	(1,384)
CODERE AMÉRICA S.A.	(83,350)	-	(82,849)	(1,784)	-	(167,983)
CODERE APUESTAS ARAGÓN, S.L.	(1,000)	-	161	204	-	(635)
CODERE APUESTAS CASTILLA LA MANCHA, S.A.	(500)	-	1	(187)	-	(686)
CODERE APUESTAS CASTILLA LEON, S.A.	(1,000)	-	-	(2)	-	(1,002)
CODERE APUESTAS CATALUÑA, S.A.	(600)	-	-	172	-	(428)
CODERE APUESTAS CEUTA, S.L.U.	(250)	-	-	30	-	(220)
CODERE APUESTAS ESPAÑA, S.L.	(662)	(32,286)	27,089	775	-	(5,084)
CODERE APUESTAS EXTREMADURA, S.A.	(1,000)	-	-	1	-	(999)

Company	Share capital	Share premium	Reserves	Retained earnings	Interim dividend	Equity
CODERE APUESTAS GALICIA S.L.	(2,000)	-	(24)	(160)	-	(2,184)
CODERE APUESTAS LA RIOJA, S.A.	(1,000)	-	-	18	-	(982)
CODERE APUESTAS MURCIA S.L.	(1,000)	-	287	247	-	(466)
CODERE APUESTAS NAVARRA, S.A.	(2,000)	-	598	234	-	(1,168)
CODERE APUESTAS VALENCIA, S.A.	(2,000)	-	(29)	773	-	(1,256)
CODERE APUESTAS, S.A.	(60)	-	(1,315)	5,056	-	3,681
CODERE ARGENTINA S.A.	(180)	(991)	(4,421)	(1,885)	-	(7,477)
CODERE ASESORÍA S.A.	(60)	-	(3,442)	(64)	-	(3,566)
CODERE BRASIL LTDA.	(5,582)	2,556	41,345	7,818	-	46,137
CODERE CHILE LTDA.	(18,072)	-	(8,868)	159	-	(26,781)
CODERE COLOMBIA S.A.	(12,002)	(18,844)	5,618	(181)	-	(25,409)
CODERE DISTRIBUCIONES S.L.	(3)	-	2	35	-	34
CODERE ESPAÑA S.L.	(2,613)	(5,185)	184,358	(1,513)	-	175,047
CODERE FILIAL 8 S.L.	(60)	-	(55)	(75)	-	(190)
CODERE FINANCE (U.K.), S.A.	-	-	-	-	-	-
CODERE FINANCE (LUXEMBURG), S.A.	(35)	(4,726)	(19,691)	(6,196)	-	(30,648)
CODERE GAMING ITALIA SRL.	(10)	-	(124)	321	-	187
CODERE GIRONA S.A.	(126)	-	(10,108)	(65)	-	(10,299)
CODERE GUADALAJARA S.A.	(3)	-	(3)	(130)	40	(96)
CODERE HUESCA S.L.	(5)	-	(412)	(108)	-	(525)
CODERE INTERACTIVA, S.L.	(30)	-	875	(23)	-	822
CODERE INTERACTIVE, INC.	(10)	-	1,076	175	-	1,241
CODERE INTERATIVA ITALIA SRL.	-	-	6	(6)	-	-
CODERE INTERNACIONAL DOS, S.A.U	(436)	-	152,634	(636)	-	151,562
CODERE INTERNACIONAL S.L.	(110,997)	-	(69,606)	(662)	-	(181,265)
CODERE ITALIA SPA.	(15,000)	-	(34,622)	6,622	-	(43,000)
CODERE LOGROÑO	(6)	-	10	(66)	-	(62)
CODERE MÉXICO S.A.	(186,751)	(29)	(198,915)	33,583	-	(352,112)

Company	Share capital	Share premium	Reserves	Retained earnings	Interim dividend	Equity
CODERE ONLINE,S.A.	(100)	-	84	90	-	74
CODERE SAGUNTO S.L.	(868)	-	-	10	-	(858)
CODERE SERVICIOS COMPARTIDOS, S.A.	(60)	-	-	1	-	(59)
CODERE SERVICIOS, S.L.U	(3)	-	-	14	-	11
CODERE URUGUAY S.A.	(13,317)	-	3,159	(1,849)	-	(12,007)
COLONDER S.A.	(9,761)	-	(299,897)	(4,474)	-	(314,132)
COMERCIAL YONTXA S.A.	(481)	-	(4,766)	(810)	-	(6,057)
COMPAÑIA RECREATIVOS DE PANAMA, S.A.	(3,576)	-	-	0	-	(3,576)
CRISTALTEC SERVICE SRL	(10)	-	(1,406)	(299)	-	(1,715)
DESARROLLO ONLINE JUEGOS REGULADOS, S.A.	(1,753)	-	665	1,128	-	40
DP SERVICE S.R.L.	(90)	(315)	(2,934)	(667)	-	(4,006)
EL PORTALÓN S.L.	(3)	-	(207)	(37)	-	(247)
ENTRETENIMIENTO RECREATIVO S.A.	(53,355)	-	(17,779)	(1,350)	-	(72,484)
ENTRETENIMIENTO VIRTUAL, S.A. DE C.V.	(25,364)	-	(55,672)	1,056	-	(79,980)
FG SLOT SERVICES S.R.L.	(116)	-	244	(758)	-	(630)
GAMING RE, S.R.L	(10)	-	2,656	(47)	-	2,599
GAP GAMES, S.R.L.	(21)	-	294	(1,304)	-	(1,031)
GARAIPEN VICTORIA APUSTAK, S.L.	(12,229)	-	15,349	2,001	-	5,121
GESTION MARCONI S.R.L.	(11)	-	(3,897)	(181)	-	(4,089)
GIOMAX S.R.L.	(69)	-	(26,827)	1,171	-	(25,725)
GRUPO CALIENTE. S.A. C.V.	(9)	(17,847)	(1,551)	7	-	(19,400)
GRUPO INVERJUEGO, S.A.	(2,350)	(132)	621	1,411	-	(450)
HIPICA DE PANAMA, S.A.	-	-	6,609	(1,836)	-	4,773
HÍPICA RIOPLATENSE URUGUAY S.A.	(12,860)	-	(5,614)	(6,501)	-	(24,975)
HIPPOBINGO FIRENZE, SRL.	(10)	-	(8)	2	-	(16)
HOTEL ENTRET.AMH S.A. C.V.	(3)	-	4	1	-	2
HOTEL ICELA, S.A. DE C.V.	(3)	-	-	5	-	2
IBERARGEN S.A.	(4,769)	-	(35,649)	(14,566)	-	(54,984)

Company	Share capital	Share premium	Reserves	Retained earnings	Interim dividend	Equity
IMPULSORA CENTR.ENTR.AMERICAS, S.A.C.V.	(180,386)	(3,587)	(56,766)	(2,432)	-	(243,171)
IMPULSORA RECREATIVA AMH,S.A. C.V.	(5)	(1,588)	27	10	-	(1,556)
INTERBAS S.A.	(834)	(4,569)	(23,679)	(9,627)	-	(38,709)
INTERJUEGOS S.A. (ARG)	(3)	(1,893)	(10,638)	(3,478)	-	(16,012)
INTERMAR BINGOS S.A.	(10)	-	(1,323)	(3,591)	-	(4,924)
INTERSARE S.A.	(750)	-	(123)	(41)	-	(914)
ITAPOAN S.A.	(467)	-	(940)	71	-	(1,336)
J.M.QUERO S.A.	(97)	-	(1,083)	1,555	-	375
JOMAHARHO. S.A. C.V.	(5)	(8,548)	(109)	16	-	(8,646)
JPVMATIC 2005 S.L.	(3)	-	(4,250)	(807)	-	(5,060)
JUEGAMAX DE LAS AMERICAS, S.A.DE C.V.	(5)	(1,536)	439	(426)	-	(1,528)
KING BINGO S.R.L.	(10)	-	(170)	869	-	689
KING SLOT S.R.L.	(100)	-	(292)	(1,492)	-	(1,884)
LIBROS FORANEOS, S.A. C.V.	(12,255)	-	84,357	29,756	-	101,858
MIO GAMES S.A. DE C.V.	(890)	-	6,277	1,421	-	6,808
MISURI S.A.	(2,542)	-	(5,664)	1,022	-	(7,184)
NEW JOKER, S.R.L.	(110)	-	(102)	442	-	230
NIDIDEM S.L.	(380)	-	9,442	(241)	-	8,821
OPER SHERKA S.L.	(1,049)	-	(1,028)	(204)	-	(2,281)
OPERAD.ESPECTACULOS DEPORTIV. S.A. C.V.	(2,553)	-	25,208	12,026	-	34,681
OPERADORA CANTABRIA, S.A. C.V.	(26,737)	-	88,976	34,345	-	96,584
OPERBINGO ITALIA S.P.A.	(10,180)	-	44,543	(2,308)	-	32,055
OPERIBÉRICA S.A.	(2,104)	-	(123,495)	(3,590)	-	(129,189)
OPEROESTE S.A.	(204)	-	(353)	(124)	-	(681)
PALACE BINGO , SRL	(60)	(280)	(16)	(1,036)	-	(1,392)
PARISIENNE, SRL	(10)	-	(30)	(905)	-	(945)
PROM. REC. MEXICANAS S.A.	(1,888)	-	11,194	(5,869)	-	3,437
PROMOJUEGOS DE MEXICO, S.A.	(324)	-	22,780	7,791	-	30,247

Company	Share capital	Share premium	Reserves	Retained earnings	Interim dividend	Equity
RECREATIV.CODERE S.A. DE C.V.	(3)	-	15	8	-	20
RECREATIVOS ACR, S.L.	(24)	-	(6)	(119)	10	(139)
RECREATIVOS MARINA, S.A.	(3)	-	536	576	-	1,109
RECREATIVOS OBELISCO S.L.	(37)	(703)	342	163	-	(235)
RED AEAM S.A.	(60)	-	(2)	(2)	-	(64)
RESTI Y Cía. S.L.	(3)	-	(39)	(97)	-	(139)
RETE FRANCO ITALIA S.P.A.	(2,000)	-	(26,206)	8,046	-	(20,160)
ROYAL JACKPOT SRL	(20)	-	(14)	(39)	-	(73)
SAN JAIME S.A.	(119)	-	45	(10)	-	(84)
SECOFACH, S.A. DE C.V.	(3)	-	1,362	726	-	2,085
SERVICIOS ADMINIST.HIPODROMO, S.A. DE C.V.	(3)	-	802	(299)	-	500
SEVEN CORA, SRL.	(20)	-	(1,792)	(55)	-	(1,867)
SIGIREC S.L.	(96)	-	(415)	(47)	-	(558)
SORTIJUEGOS, S.A. DE C.V.	(31)	-	(6,330)	(471)	-	(6,832)
VASA E AZZENA SERVICE S.R.L.	(10)	-	(1,566)	(374)	-	(1,950)
VEGAS S.R.L.	(10)	-	(3,607)	(580)	-	(4,197)

APPENDIX III
DIRECTOR DECLARATIONS REGARDING CONFLICTS OF INTEREST

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

Director/Related party	Entity ^(*)	Post/Duty	Direct shareholding %	Indirect shareholding %
José Antonio Martínez Sampedro	Francomar Investments S.A.	Chairman CEO (acting joint and severally)	52%	
José Antonio Martínez Sampedro	Promobowling S.A.		0.124%	51.35%
José Antonio Martínez Sampedro	Centros de Ocio Familiar S.L.			25.74%
José Antonio Martínez Sampedro	Magic Recreativos S.L.U.			51.47%
José Antonio Martínez Sampedro	Material Auxiliar de Juego Internacional Majisa S.A.	Director (acting joint and severally)		26%
José Antonio Martínez Sampedro	Planet Bowling S.L. (en liquidación)			51.47%
José Antonio Martínez Sampedro	Promobowling Levante S.A.U.			51.47%
José Antonio Martínez Sampedro	Material Auxiliar de Juego Internacional de Colombia S.A.			26.52%
José Antonio Martínez Sampedro	Tui Play S.L. (en liquidación)			20.22%
Luis Javier Martínez Sampedro	Francomar Investments S.A.	Board member and CEO (acting joint and severally)	12%	
Luis Javier Martínez Sampedro	Promobowling S.A.		0.124%	11.85%
Luis Javier Martínez Sampedro	Centros de Ocio Familiar S.L.			5.98%
Luis Javier Martínez Sampedro	Magic Recreativos S.L.U.			11.97%
Luis Javier Martínez Sampedro	Material Auxiliar de Juego Internacional Majisa S.A.			6%
Luis Javier Martínez Sampedro	Planet Bowling S.L. (en liquidación)			11.97%
Luis Javier Martínez Sampedro	Promobowling Levante S.A.U.			11.97%
Luis Javier Martínez Sampedro	Tui Play S.L. (en liquidación)			4.67%

Director/Related party	Entity ^(*)	Post/Duty	Direct shareholding %	Indirect shareholding %
Luis Javier Martínez Sampedro	Material Auxiliar de Juego Internacional de Colombia S.A.			6.12%
Luis Javier Martínez Sampedro	Recreativos Metropolitano S.L.	Director (acting joint and severally)	100%	
Encarnación Martínez Sampedro	Francomar Investments S.A.	Secretary and CEO (acting joint and severally)	12%	
Encarnación Martínez Sampedro	Promobowling S.A.		0.124%	11.85%
Encarnación Martínez Sampedro	Centros de Ocio Familiar S.L.			5.98%
Encarnación Martínez Sampedro	Magic Recreativos S.L.U.			11.97%
Encarnación Martínez Sampedro	Material Auxiliar de Juego Internacional Majisa S.A.			6%
Encarnación Martínez Sampedro	Planet Bowling S.L. (en liquidación)			11.97%
Encarnación Martínez Sampedro	Promobowling Levante S.A.U.			11.97%
Encarnación Martínez Sampedro	Tui Play S.L. (en liquidación)			4.67%
Encarnación Martínez Sampedro	Material Auxiliar de Juego Internacional de Colombia S.A.			6.12%
Mª Carmen Martínez Sampedro	Francomar Investments S.A.	Board member and CEO (acting joint and severally)	12%	
Mª Carmen Martínez Sampedro	Promobowling S.A.	Sole director	0.748%	11.85%
Mª Carmen Martínez Sampedro	Centros de Ocio Familiar S.L.			6.29%
Mª Carmen Martínez Sampedro	Magic Recreativos S.L.U.	Sole director		12.60%
Mª Carmen Martínez Sampedro	Material Auxiliar de Juego Internacional Majisa S.A.			6%
Mª Carmen Martínez Sampedro	Planet Bowling S.L. (en liquidación)			12.60%
Mª Carmen Martínez Sampedro	Promobowling Levante S.A.U.	Sole director		12.60%

Director/Related party	Entity ^(*)	Post/Duty	Direct shareholding %	Indirect shareholding %
M ^a Carmen Martínez Sampedro	Tui Play S.L. (en liquidación)			4.67%
M ^a Carmen Martínez Sampedro	Material Auxiliar de Juego Internacional de Colombia S.A.			6.12%
Ángel Martínez Sampedro	Francomar Investments S.A.		2%	
Ángel Martínez Sampedro	Promobowling S.A.		0.126%	1.98%
Ángel Martínez Sampedro	Centros de Ocio Familiar S.L.			1.05%
Ángel Martínez Sampedro	Magic Recreativos S.L.U.			2.10%
Ángel Martínez Sampedro	Material Auxiliar de Juego Internacional Majisa S.A.			1%
Ángel Martínez Sampedro	Planet Bowling S.L. (en liquidación)			2.10%
Ángel Martínez Sampedro	Promobowling Levante S.A.U.			2.10%
Ángel Martínez Sampedro	Tui Play S.L. (en liquidación)			0.78%
Ángel Martínez Sampedro	Material Auxiliar de Juego Internacional de Colombia S.A.			1.02%
Ana M ^a Fornieles Cañadas	Recreativos Metropolitano S.L.	Director (acting joint and severally)		
Joseph Zappala	Tucson Greyhound Park	Chairman	80%	

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

CONSOLIDATED DIRECTORS' REPORT FOR 2014

CODERE, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2014

The Codere Group's business performance

During 2014, EBITDA reflected a decrease in Argentina mainly due to the constant devaluation of the Argentine peso against the euro, in Italy due to the expense related to the resolution of the litigation with the Court or Auditors, due to financial advisory expenses in the restructuring of the parent company's debt and to a lesser extent in Mexico due to the temporary closure of gaming halls. The decrease has been offset by smaller losses at Hotel Casino Carrasco in Uruguay.

Investments in 2014 totalled 54.2 million euros compared with 76.3 million euros in 2013, of which 36.4 million euros related to maintenance and 17.8 million euros to investment in growth.

Highlights of the year include the following:

- *Restructuring of the Company's debt*

On 23 September 2014 the Company signed a Lock-Up Agreement with most bondholders and senior debt holders on the terms for the restructuring of its debt and capital. Note 3.f) describes the terms of this agreement in detail.

- *Closure of halls in Mexico*

During January and February 2014 judicial decisions were received which rejected the possibility of reopening five of the eight halls that were closed in Mexico in 2013. As a result of these notifications, an impairment of the assets associated with those halls has been recognised, entailing a 7.1 million euro impact on the 2014 income statement.

- *Ruling by the Court of Auditors in Italy*

On 11 November 2013 the Court of Auditors (Corte dei Conti) offered all the concessionaires the option of terminating the legal proceedings through the payment of 30% of the amount of the penalty plus legal interest. In the case of Codere Network, the amount due was 34.5 million euros (30% of 115 million) plus legal interest.

The Company's decision to pay said amount (on 4 November 2014) had an impact of 24.5 million on the Italy income statement. The figure of 24.5 million is the result of netting the 34.5 million euros (30% of the initial fine) plus 1.9 million euros of legal interest against the existing provision of 11.9 million euros.

This is a major non-recurring item which, as it was financed through an extension to the senior debt facility, did not impact the Company's liquidity.

Group's financial results

Operating income

Operating income fell by 135.2 million euros (8.9%) to 1,385.6 million euros due mainly to the decline in revenues in Argentina (95.7 million euros) as a result of Argentine peso depreciation, and in Mexico (40.5 million) as a result of the closure of halls, the fall in the average daily takings per machine and the depreciation of the Mexican peso. This has been partly offset by increases of 5.3 million in Italy and 1.8 million in Uruguay due to the inauguration of Casino Hotel Carrasco in March 2013.

CODERE, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2014

Operating expenses

Operating expenses fell by 170 million euros (11.6%) to 1,362.5 million. This reduction was very significant in Argentina (78.3 million euros) due mainly to the depreciation of the Argentine peso against the euro and the business reengineering efforts, and in Mexico (66.8 million euros) partly due to the recognition of higher asset impairment in 2013 than in 2014. In addition, the reduction in expenses in all our business units as a result of the efficiency plans implemented over the last 15 months has made a positive contribution to this trend.

Gain/(loss) on disposals of assets

Fixed asset disposals generated a loss of 3.3 million euros compared with a loss of 6.5 million euros recorded in 2013. This loss mainly derives from disposals of machinery and other assets in Spain.

Operating profit

Operating profit rose by 38.0 million euros to 20.8 million euros in 2014, due to lower asset impairment than in 2014. The operating margin grew to 1.5%, against a loss of 1.1% in the comparable period in 2013.

EBITDA

EBITDA shrank by 34.9 million euros (17.6%) to 163.5 million euros mainly due to negative growth in Argentina (17.4 million) and Italy (16.7 million), and in parent companies. The EBITDA margin increased to 13.4% compared to 5.8% for the comparable period in the previous year.

Financial expenses

Financial expenses rose by 6.9 million euros to 148 million euros. This change was due mainly to the reduction in the financial charge in Argentina, Mexico and Panama, partially offset by higher costs associated with the Senior Credit Facility due to the late-payment interest, the interest generated on unpaid coupons and the refinancing in Italy, in Hotel Casino Carrasco and in Mexico.

Corporate income tax

Corporate income tax payable in 2014 fell by 4.5 million euros (9.9%) to 40.9 million euros due mainly to the tax impact of the deductibility of the payment made to resolve the proceedings with the Court of Auditors in Italy, the tax reduction in Mexico due to the elimination of the EITU tax as from 1 January 2014 and the recognition of a provision for tax contingencies in 2013. This decrease is partly offset by the regularisation in 2014 of certain tax credits and the recognition of the withholding for the future payment of dividends in Argentina.

Profit/(loss) attributable to non-controlling interests

The profit attributable to non-controlling interests decreased by 3.3 million euros to 34.9 million euros, compared with 31.6 million euros in 2013. This decrease is mainly due to the greater losses incurred by the Joint Licensees offset by smaller losses incurred by Casino Carrasco.

CODERE, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2014

Profit /(loss) attributable to the Parent Company

Mainly as a result of the factors described in the above paragraphs, the results attributable to non-controlling interests resulted in a loss of 173 million against a loss of 173.6 million in 2013.

Disclosure on deferral of payments to suppliers.

The average payment period to Spanish company suppliers is 105 days. The Company is analysing its internal processes in order to reduce supplier payment periods to the maximum periods stipulated in current legislation.

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

Personnel

At 31 December 2014 the Group employed a total of 15,181 persons, this being 2,598 employees less than at the end of 2013.

Environmental information

At 31 December 2014 there are no policies aimed at protecting the environment.

Research and development expenditure

At 31 December 2014, the Group has not incurred any R&D costs.

Treasury shares

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

Outlook for the Group

For 2015, the Group intends to continue implementing financial measures designed to boost free cash flow generation. Investments forecast for 2015 will mainly centre on maintenance at gaming halls and specific product renovation.

CODERE, S.A. AND SUBSIDIARIES
CONSOLIDATED DIRECTORS' REPORT FOR 2014

Group's main risks

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

See the corresponding notes to the financial statements for a more detailed description of the Company's principal risks.

ANNEX I

CORPORATE GOVERNANCE ANNUAL REPORT FOR PUBLIC LISTED COMPANIES

ISSUER ID

YEAR ENDING AT:

31/12/2014

TAX

A-82110453

CORPORATE NAME:

CODERE, S.A.

ADDRESS

AVENIDA DE BRUSELAS, 26, (ALCOBENDAS) MADRID

CORPORATE GOVERNANCE ANNUAL REPORT

FOR PUBLIC LISTED COMPANIES

A SHAREHOLDER STRUCTURE

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

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

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

Yes ☐

No ☒

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

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

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

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

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

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

Total % of voting rights held by the Board of Directors

69.13%

Complete the following tables regarding members of the Board of Directors holding company share rights:

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

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

Type of relation: Family

Brief description:

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

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

Type of relation: Corporate

Brief description:

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

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

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

Type of relation: Corporate

Brief description:

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

Name of related parties
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO
CODERE, S.A.

Type of relation: Corporate

Brief description:

Mr. José Antonio Martínez Sampedro is Chairman and CEO of Codere S.A.

Name of related parties
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO CODERE, S.A.

Type of relation: Corporate

Brief description:

Ms. Encarnación Martínez Sampedro is a Director of Codere S.A.

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

Yes ☐ No ☒

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

Yes ☐ No ☒

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

The company is not aware that during the year there has been any of the situations described.

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

Yes ☒ No ☐

Name or company name
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

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

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

At year-end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
387,733	0	0.70%

(*) Held through:

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

Date of notification	Total direct shares acquired	Total indirect shares acquired	Total % of share capital
31/12/2014	262,133	0	0.52%

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

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

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

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

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

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

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

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

Yes ☐

No ☒

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

Yes ☐

No ☒

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

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

Yes ☐

No ☒

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

B GENERAL MEETING

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

Yes ☐

No ☒

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

Yes ☒

No ☐

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

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

Describe the differences

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

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

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

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

As for the voting on resolutions, Article 3. b) of the Rules of Procedure of the General Meeting of Shareholders states that "In the case of the amendment of the bylaws, each item or group of items that are materially different" shall be voted on separately.

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

	Attendance Data				
Date of General Meeting	% of those Physically Present	% of Proxy Holders	% of Remote Vote		Total
			Electronic Vote	Other	
27/06/2013	15.75%	61.39%	0.00%	0.83%	77.97%
14/08/2013	14.88%	62.28%	0.00%	1.73%	78.89%
25/06/2014	13.38%	63.40%	0.00%	0.00%	76.78%

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

Yes ☒

No ☐

B.6 Indicate if certain decisions involving a structural modification of the Company ("affiliation" sale of key operating assets, operations equivalent to the liquidation of the company...) must be submitted to the approval of the general meeting of shareholders, although not expressly required under company law.

Yes ☐No ☒

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

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

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

C ADMINISTRATIVE STRUCTURE OF THE COMPANY

C.1 Board of Directors

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

Maximum number of directors	15
Minimum number of directors	4

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

Name of Director	Representative	Position on Board	Date of Initial Appointment	Date of Most Recent	Procedure for appointment
MR. JUAN JOSÉ ZORNOZA PÉREZ		DIRECTOR	17/06/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO		CHAIRMAN-CEO	07/05/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. JOSÉ IGNACIO CASES MÉNDEZ		DIRECTOR	17/06/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO		DIRECTOR	17/06/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. EUGENIO VELA SASTRE		DIRECTOR	17/06/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ		DIRECTOR	17/06/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO		DIRECTOR	07/05/1999	25/06/2009	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS

Name of Director	Representative	Position on Board	Date of Initial Appointment	Date of Most Recent Appointment	Procedure for appointment
MR. JUAN JUNQUERA TEMPRANO		DIRECTOR	10/05/2012	10/05/2012	AGREEMENT OF THE GENERAL MEETING OF SHAREHOLDERS
MASAMPE, S.L.	MR. JOSE MARIA LASTRAS BERMUDEZ	DEPUTY CHAIRMAN	07/05/2008	25/06/2014	AGREEMENT OF THE AGM
MR. JOSEPH ZAPPALA		DIRECTOR	20/11/2002	25/06/2009	AGREEMENT OF THE AGM

Total number of directors

10

Indicate any resignations or dismissals from the Board of Directors produced during the period:

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

EXECUTIVE DIRECTORS

Name of Director	Committee which proposed the appointment	Position in company organization chart
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CORPORATE GOVERNANCE COMMITTEE	CHAIRMAN AND CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CORPORATE GOVERNANCE COMMITTEE	DIRECTOR
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CORPORATE GOVERNANCE COMMITTEE:	DIRECTOR CODERE AMERICA

Total number of executive directors

3

% of total board

30.00%

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
MR. JOSÉ IGNACIO CASES MÉNDEZ	CORPORATE GOVERNANCE COMMITTEE	MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	CORPORATE GOVERNANCE COMMITTEE	MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO
MASAMPE, S.L.	CORPORATE GOVERNANCE	MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Total number of external nominee directors
--

3

% of total board

30.00%

EXTERNAL INDEPENDENT DIRECTORS

Name of director:

MR. JUAN JUNQUERA TEMPRANO

Profile:

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

Name of director:

MR. JOSEPH ZAPPALA

Profile:

Former U.S. ambassador to Spain (1989-1992) President of Joseph
Zappala Investments.

Total number of other independent directors	2
Total % of Board	20.00%

Indicate whether any director qualified as an independent director of the company or its group, receives any amount or benefit other than for the concept of directors fees, or holds or has held a business relationship with the company or any group company during the last financial year, either on their own behalf or as a significant shareholder, director or senior manager of a company that has or has had such a relationship.

No independent directors incurred in this circumstance.

In this case, provide a reasoned statement of the board on the reasons why it considers that the director can perform his or her functions as an independent director.

OTHER EXTERNAL DIRECTORS

Name of director	Committee which proposed the appointment
MR. JUAN JOSÉ ZORNOZA PÉREZ	CORPORATE GOVERNANCE COMMITTEE:
MR. EUGENIO VELA SASTRE	CORPORATE GOVERNANCE COMMITTEE:

Total number of other independent directors	2
Total % of Board	20.00%

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.

Name of Director:

MR. JUAN JOSÉ ZORNOZA PÉREZ

Company, executive or shareholder maintaining the link:

CODERE, S.A.

Reasons:

Law 31/2014 of 3 December, amending the Corporations Act to improve corporate governance, provides in Article 529 that any director for continuous period exceeding 12 years cannot be considered in any way as an independent director.

Upon entry into force of this Act, we understand that the status as an independent director that until then was held by Juan José Zornoza Pérez, under the Ministerial Order ECC/461/2013, said status is lost for having held the position for over the 12 years established.

However, we understand that Juan José Zornoza Pérez cannot be considered a nominee director as he does not own any shares in the company and has not been designated or represent any shareholder of the company.

Name of Director:

MR. EUGENIO VELA SASTRE

Company, executive or shareholder maintaining the link:

CODERE, S.A.

Reasons:

Law 31/2014 of 3 December, amending the Corporations Act to improve corporate governance, provides in Article 529 that any director for continuous period exceeding 12 years cannot be considered in any way as an independent director.

Upon entry into force of this Act, we understand that the status as an independent director, who until then held Eugenio Vela Sastre under the Ministerial Order ECC/461/2013, is lost for having held the position for over the 12 years established.

We understand, notwithstanding the foregoing, that Mr. Eugenio Vela Sastre cannot be considered a nominee director, not having been appointed by a shareholder, nor represent any shareholder.

Indicate, if applicable, any changes that may have taken place during the period in regard to the type of directorship:

Name of Director	Date of change	Previous status	Current status
MR. JUAN JOSÉ ZORNOZA PÉREZ	24/12/2014	Independent	Other external director
MR. EUGENIO VELA SASTRE	24/12/2014	Independent	Other external

C.1.4 Complete the following table with information on the number of directors for the past 4 years, and the nature of such directors:

	Number of directors				% of total of each type of director			
	2014	2013	2012	2011	2014	2013	2012	2011
Executive	1	1	1	1	33.33%	33.33%	33.33%	33.33%
Nominee	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Independent	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Other External	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	1	1	1	1	10.00%	10.00%	10.00%	11.11%

C.1.5 Explain the measures, if any, which have been taken to seek to include a number of women on the Board to achieve a balanced representation of women and men.

Explanation of the measures

The company has not formally adopted measures, nor any formal procedure for the inclusion of women in the Board so that their presence on the Board would be balanced.

Notwithstanding the foregoing, the Ethics and Conduct Code of Codere Group in section IV point 1 states that "The Codere Group will promote equal treatment for men and women as regards access to employment, training and promotion of professionals and working conditions, as well as access to goods and services and their supply". In point 5 of the same section states that "The Codere Group will maintain a rigorous and objective selection policy considering only the academic and professional merits of the candidates and the needs of the Group."

C.1.6 Explain the measures, if any, agreed by the appointments committee to ensure that the selection procedures are not implicitly biased against the selection of female directors and that the company makes a conscious effort to include potential female candidates which meet the desired professional profile:

Explanation of the measures

To cover new vacancies, pursuant to the Rules of the Board of directors, the Corporate Governance Committee ensures that the selection procedures are not implicitly biased against the selection of female directors and makes a conscious effort to include potential female candidates which meet the desired professional profile:

The Regulations of the Board of Directors of the Company empowers the Corporate Governance Committee to assess the skills, knowledge and experience required on the Board and to define the roles and capabilities required of the candidates to fill each vacancy and evaluate the time and dedication needed to perform their duties .

When, despite the measures, if any, taken there are few or no female directors, explain the reasons why:

Explanation of reasons

Currently, the Board of Directors of Codere S.A. is made up of ten members, one of whom is Ms. Encarnación Martínez Sampedro, who is an Executive Director of the Company and, therefore, women represent 10% of the members of the Board.

The latest statistics published by the CNMV, and referring to 2013, show that the average percentage of participation of women in the Boards of Directors of listed Spanish companies was 12%. Notwithstanding the foregoing, the corresponding report indicates that in 2013 listed companies with a capitalization of less than 500 million, the average of women in the boards down to 10.8. Therefore we can conclude that the percentage representing women on the Board of Directors of "Codere SA" is in line with the average of comparable companies.

C.1.7 Explain the form of representation of significant shareholders on the Board of Directors.

Jose Antonio Martinez Sampedro, owner of 12,425% of the shares of the Company and who indirectly controls an additional 51'246%, is represented on the Board of Directors by the directors Mr. José Ignacio Cases Méndez, José Ramón Romero Rodríguez and Masampe, SL, Nominee Director and Deputy Chairman, which is represented in turn by José María Lastras Bermúdez.

C.1.8 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.

Yes ☐

No ☒

C.1.9 In the case where a director has resigned from his or her position before the end of the term of the directorship, indicate whether or not said director has explained his or her reasons to the Board, and by what means, and, in the case where the director has explained the reasons in writing to the entire Board, explain below at least the reasons given by the director:

C.1.10 Indicate, if applicable, the powers delegated to the CEOs:

Name of Director:

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Brief description:

The Board of Directors permanently delegates all of the powers to the CEO, with the exception of those powers that are reserved by law or statute, and those which may not be delegated pursuant to the rules of procedure of the Board of Directors

C.1.11 Identify, if applicable, the members of the Board who hold directorships or management positions in other companies which form part of the listed company group:

Name of Director	Name of group company	Position
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	COLONDER. S.A.U.	CHAIRMAN AND JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL DOS. S.A.U.	CHAIRMAN AND JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE SERVICIOS COMPARTIDOS, S.A.U.	JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	C-F8. S.L.	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 AMÉRICA. S.A.U.	CHAIRMAN AND JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL. S.L.U.	JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	NIDIDEM. S.L.U.	CHAIRMAN AND JOINT AND SEVERAL DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE INTERACTIVA S.L.	CHAIRMAN OF THE BOARD
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	GESTIONI MARCONI. S.R.L.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	VEGAS. S.R.L.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERBINGO ITALIA. S.P.A.	CHAIRMAN OF THE BOARD

Name of Director	Name of group company	Position
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	GIOMAX. S.R.L.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	BINTENGRAL. S.P.A.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ITALIA. S.P.A.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GAMING ITALIA. S.R.L.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE NETWORK. S.P.A.	CHAIRMAN OF THE BOARD
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODEMATICA. S.R.L.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	COLONDER. S.A.U.	JOINT AND SEVERAL CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	PARISIENNE S.R.L.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	PALACE BINGO SRL	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GIRONA. S.A.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE GUADALAJARA. S.A.	SECRETARY TO THE BOARD AND DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL DOS. S.A.U.	JOINT AND SEVERAL CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	OPERIBÉRICA. S.A.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	MISURI. S.A.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CARTAYA. S.A.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ASESORÍA S.A.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS NAVARRA S.A.U.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RED AEAM. S.A.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS S.A.U.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ONLINE S.A.U.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE SERVICIOS COMPARTIDOS, S.A.U.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS VALENCIA S.A.U.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RECREATIVOS OBELISCO. S.L.	CHAIRMAN OF THE BOARD AND CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	SIGIREC. S.L.	CHAIRMAN OF THE BOARD
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	EL PORTALÓN. S.L.	JOINT ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	RESTI Y CIA. S.L.	JOINT ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE LOGROÑO. S.L.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS GALICIA. S.L.U.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CASTILLA-LA MANCHA S.A.U.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS MURCIA. S.L.U.	SOLE ADMINISTRATOR

Name of Director	Name of group company	Position
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	C-F8. S.L.	JOINT AND SEVERAL 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 AMÉRICA. S.A.U.	JOINT AND SEVERAL CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL. S.L.U.	JOINT AND SEVERAL DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	NIDIDEM. S.L.U.	JOINT AND SEVERAL CEO
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS ESPAÑA S.L.U.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE SERVICIOS, S.R.L.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	JPVMATIC 2005. S.L.U.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE ALICANTE, S.L.U.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS ARAGON S.L.U.	SOLE ADMINISTRATOR
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	CODERE INTERACTIVA S.L.	DIRECTOR
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERMAR BINGOS. S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE ARGENTINA. S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	BINGOS DEL OESTE. S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	IBERARGEN. S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	BINGOS PLATENSES. S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	SAN JAIME. S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERBAS. S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	ITAPOAN. S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	INTERJUEGOS. S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	ALTA CORDILLERA. S.A.	CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	HÍPICA DE PANAMÁ. S.A.	EXECUTIVE COMMITTEE CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	COMPAÑÍA DE RECREATIVOS DE PANAMÁ. S.A.	EXECUTIVE COMMITTEE CHAIRMAN
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	COLONDER. S.A.U.	JOINT AND SEVERAL CEO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL DOS. S.A.U.	JOINT AND SEVERAL CEO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE SERVICIOS COMPARTIDOS, S.A.U.	JOINT AND SEVERAL DIRECTOR
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE AMÉRICA. S.A.U.	JOINT AND SEVERAL CEO
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE INTERNACIONAL. S.L.U.	JOINT AND SEVERAL DIRECTOR
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	NIDIDEM. S.L.U.	JOINT AND SEVERAL CEO

Name of Director	Name of group company	Position
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE MEXICO S.A. DE C.V.	TREASURER
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE HUESCA SL	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE SAGUNTO SLU	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS LA RIOJA S.A.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CASTILLA Y LEÓN S.A.U.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CATALUÑA SAU	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS CEUTA S.L.U.	SOLE ADMINISTRATOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE APUESTAS EXTREMADURA S.AU.	SOLE ADMINISTRATOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	CODERE MÉXICO SA DE CV	CHAIRMAN DIRECTOR
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	IMPULSORA DE CENTROS DE ENTRETENIMIENTO LAS AMÉRICAS SAPI DE CV	CHAIRMAN DIRECTOR
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	IMPULSORA DE CENTROS DE ENTRETENIMIENTO LAS AMÉRICAS SAPI DE CV	DIRECTOR
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE CHILE LIMITADA	REPRESENTATIVE
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CARRASCO NOBILE S.A.	DIRECTOR
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	DESARROLLO ONLINE JUEGOS REGULADOS SAU	SOLE ADMINISTRATOR

C.1.12 Detail, if applicable, the company directors who are members of the Board of Directors of other listed companies in Spain other than those of your Group, which have been reported to the company:

C.1.13 Indicate, and if applicable, explain, if the company has established rules on the number of boards its directors may form part of:

Yes ☒

No ☐

Explanation of rules

Article 4.1.b) of the Rules of Procedure of the Board of Directors establishes that the Directors may not, except when expressly authorized by the Board, after a report by the Corporate Governance Committee, form part of more than 8 boards, excluding (i) the Boards of Companies forming part of the same group as that of the Company (ii) the Boards of familial or holding companies of the Directors or their families and (iii) the Boards which they are members of owing to their professional relation.

C.1.14 Indicate the general policies and strategies the approval of which the plenum of the Board has reserved for itself:

	Yes	No
The investment and financing policies	X	
The definition of the structure of the corporate group	X	
The corporate governance policy	X	
The corporate social responsibility policy	X	
The strategic or business plan and the annual budget and management objectives	X	

	Yes	No
Compensation Policy and Evaluation of Senior Management Performance	X	
The risk control and management policy, as well as the periodical monitoring of the internal information and control systems;	X	
Dividend Policy, as well as Treasury Stock Policy, especially the limits thereof	X	

C.1.15 Indicate the total remuneration of the members of the Board:

Remuneration of the board of directors (thousands of euros)	2,513
Amount of the remuneration corresponding to the benefits accrued by the directors on pensions (thousands of euros)	0
Total remuneration of the board of directors (thousands of euros)	2,513

C.1.16 Identify any senior management who are not executive directors, and indicate total compensation payable to them during the year:

Name or company name	Position
MR. PEDRO CARLOS ECHEVARRIA ARNAIZ	ASSISTANT DIRECTOR TO THE CHIEF EXECUTIVE
MR. RAFAEL LÓPEZ ENRÍQUEZ CHILLÓN	HUMAN RESOURCE MANAGER
MR. SERAFÍN GÓMEZ RODRÍGUEZ	SECURITY AND COMPLIANCE MANAGER
MR. BERNARDO CHENA MATHOV	GENERAL MANAGER FOR ARGENTINA
MR. FELIPE LUDEÑA MUÑOZ	INFORMATION SYSTEMS MANAGER
MR. ANGEL CORZO UCEDA	ECONOMIC FINANCIAL MANAGER
MR. ADOLFO CARPENA MANSO	INTERNAL AUDIT MANAGER
MR. FERNANDO ORS VILLAREJO	BUSINESS DEVELOPMENT DIRECTOR
MR. ITALO DURAZZO	MARKETING AND COMMUNICATIONS MANAGER
MR. ALEJANDRO PASCUAL GONZALEZ	EUROPEAN OPERATIONS MANAGER

Total senior management compensation (in thousands of euros)	3,031
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C.1.17 Indicate, if applicable, the identity of the members of the Board who are, in turn, members of the Board of Directors of companies having significant shareholdings and/or in companies belonging to its group:

Name of Director	Corporate Name of Significant Shareholder	Position
MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO	MASAMPE HOLDING, B.V.	JOINT ADMINISTRATOR

Describe, if any, other than those referred to in the previous section, the members of the Board of Directors with links to significant shareholders and/or the companies thereof

Related Director Name or Corporate Name:

MASAMPE, S.L.

Related Significant Shareholder Name or Corporate Name

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Relation Description:

MASAMPE, S.L. is a company fully owned by Mr. José Antonio Martínez Sampedro

Related Director Name or Corporate Name:

MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO

Related Significant Shareholder Name or Corporate Name

MASAMPE HOLDING, B.V.

Relation Description:

Ms. Encarnación Martínez Sampedro is the majority shareholder of Mabloem Ontwikkeling BV, a company that owns 100% of Masampe Holding, BV

Related Director Name or Corporate Name:

MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO

Related Significant Shareholder Name or Corporate Name

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Relation Description:

Blood relation (sister and brother).

Related Director Name or Corporate Name:

MR. LUIS JAVIER MARTÍNEZ SAMPEDRO

Related Significant Shareholder Name or Corporate Name

MR. JOSÉ ANTONIO MARTÍNEZ SAMPEDRO

Relation Description:

Blood relation (sister and brother).

Related Director Name or Corporate Name:

MR. LUIS JAVIER MARTÍNEZ SAMPEDRO

Related Significant Shareholder Name or Corporate Name

MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO

Relation Description:

Luis Javier Martínez Sampedro and Ms. Encarnación Martínez Sampedro are siblings.

C.1.18 Indicate whether any change has been made during the year in the rules of procedure of the Board:

Yes ☐

No ☒

C.1.19 Indicate the procedures for appointment, re-election, evaluation and resignation and dismissal of directors. Detail the competent organs, the steps to be taken and the criteria to be employed in each procedure:

- Selection:

The Rules of Procedure of the Board of Directors of the Company empower the Corporate Governance Committee to make recommendations to the Board regarding its duties, appointments or nominations regarding the structure of the Board and its Committees. To this end, the Rules of Procedure empower the said Committee to assess the skills, knowledge and experience required on the Board and to define the roles and capabilities required of the candidates to fill each vacancy and evaluate the time and dedication needed to perform their duties. In particular, the Corporate Governance Committee shall ensure that the selection procedures for new vacancies are implicitly unbiased against the selection of female directors. (Art: 16.2. and 1.16 of the Rules of Procedure of the Board of Directors).

- Appointment:

The appointment of the members of the Board of Directors corresponds to the General Meeting of Shareholders (Art. 24.1 of the Corporate Bylaws), notwithstanding the power of the Board to appoint, from among the shareholders, those persons who are to fill any vacancies produced, until the next General Meeting is held (art. 24.16 of the Corporate Bylaws).

Those persons affected by any cause of incompatibility, disqualification, incapacity or legally established prohibition in any territorial sphere affecting the Company, both general causes as well as those applicable in terms of the object and activities of the Company (art. 24.4 of the Corporate Bylaws) are prohibited from being directors or representing directors that are legal persons

Furthermore, and in any event, the persons appointed as Directors are required to meet not only the conditions called for by law and the Corporate Bylaws but also those established in the Rules of Procedure of the Board of Directors, formally undertaking at the time they take office to comply with the obligations and duties stated therein, it being highlighted that when the Board of Directors makes its proposals to the General Meeting for the appointment of Directors and makes the pertinent appointments under the system of co-option, it will do so at the proposal of the Corporate Governance Committee, in the case of Independent Directors, and after a report by the Corporate Governance Committee in the case of all other directors (art. 2 Rules of Procedure of the Board of Directors).

- Re-election:

The Directors shall perform their duties for the term of six years, being eligible for re-election for further terms of the same duration.

As in the case of appointment, re-election must be preceded either by a proposal (in the case of Independent Directors) or by a report from the Corporate Governance Committee (in the case of all other Directors).

- Evaluation:

Once a year, at the proposal of the Corporate Governance Committee, the Board will evaluate its own functioning, as well as that of its Committees and that of the Chairman of the Board (art. 12 Rules of Procedure of the Board of Directors).

- Resignation:

The Directors shall tender their resignation in the cases and for the reasons established by law or the bylaws (art. 3 Rules of Procedure of the Board of Directors).

C.1.20 Indicate whether the board has proceeded during the year to conduct an assessment of their activity:

Yes ☒

No ☐

In such a case, explain the extent to which the self-evaluation has led to major changes in its internal organization and the procedures applicable to its activities:

Description of changes

Article 12 of the the Rules of Procedure of the Board of Directors establishes the requirement that once a year the Board will assess, on proposal by the Corporate Governance Committee, its own operation, its Committees and the Chairman of the Board

After the self-assessment in 2014, the Board adopted a report that incorporated certain measures to improve those areas that had detected a less proper operation.

C.1.21 Indicate the cases in which directors are required to resign.

Nominee Directors are required to tender their resignation when the shareholder whom they represent sells its entire shareholding or when said shareholder reduces its holding to a level that requires a reduction in the number of Nominee Directors (art. 3.3 Rules of Procedure of the Board of Directors).

The Board shall not propose the resignation of any Independent Director prior to compliance with the statutory period for which said Director was appointed, unless the Board considers that there is just cause for so doing, after a report by the Corporate Governance Committee. In particular, good cause shall be understood to exist when the Director has failed to comply with the duties inherent to his or her position or is affected by any of the circumstances which prevent him from being classified as independent (art. 3.4 of the Rules of Procedure of the Board of Directors).

The dismissal of independent directors may also be proposed as a result of Takeover Bids, mergers or other similar corporate operations entailing a change in the corporate capital structure when said changes in the structure of the Board are made owing to the criterion of proportionality indicated in Recommendation 1.9. of the Rules of Procedure of the Board of Directors).

Directors are required to tender their resignation in those cases in which they may harm the trustworthiness and reputation of the Company (art. 3.6 Rules of Procedure of the Board of Directors).

When, whether as a result of resignation or for any other reason, a director leaves his or her position before the term thereof finalizes, said director explains the reasons in a letter to be sent to all of the members of the Board (article 3.7 of the Rules of Procedure of the Board of Directors).

C.1.22 Explain whether the position of chairperson 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 ☒

No ☐

Measures aimed at limiting risks

Under Article 10 of the Rules of Procedure of the Board of Directors, the Chairman of the Board shall be the chief executive of the Company.

Article 7 of the Rules of Procedure of the Board of Directors of Codere, S.A. establishes that notwithstanding the powers of representation and execution corresponding to the Chairman, and the powers of attorney or delegations granted by the Company, the Board of Directors, as the core of its mission, is in charge of approving company strategy and the organization required for the implementation of said strategy, as well as of supervising the established targets and overseeing compliance therewith by management, and seeing to it that management respects the Company object and interests. Moreover, said article reserves for the Board of Directors the function of approving up to 18 different competencies, ranging from mergers, takeovers, spin-offs or business combinations in which any Codere subsidiary is interested, excluding those taking place solely within its Group, or the disposal of capital holdings in companies or of other fixed assets the value of which exceeds three million euros, or rights assignments with respect to trade name or trademarks, or with respect to patents, technology and any industrial property modality owned by Codere, S.A. and having financial importance, when these go beyond normal Group business activity.

Likewise, any resolution or decision that is of special importance to the company, after being approved by the Board, must be submitted to the corresponding Board Committee for review thereby. For the adoption of certain agreements, it further requires the relevant committee issue a report or the person or body who proposed the agreement.

It is also important to point out that the Chairman does not have a casting vote on the Board of Directors.

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 ☒

No ☐

Explanation of rules

Pursuant to article 10.5 of the Rules of Procedure of the Board of Directors of Codere, S.A., 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.

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 collaborate with him in the exercise of his duties.

C.1.23 Are reinforced majorities, other than the legal ones, required for any type of decision?

Yes ☐

No ☒

Where applicable, describe the differences.

C.1.24 Explain whether there are any specific requirements other than those pertaining to directors, in order to be appointed Chairman.

Yes ☐

No ☒

C.1.25 Indicate whether the Chairman has a casting vote:

Yes ☐

No ☒

C.1.26 Indicate whether the bylaws or the Rules of Procedure of the Board of Directors stipulate an age limit for directors:

Yes ☐

No ☒

C.1.27 Indicate whether the bylaws or the Rules of Procedure of the Board of Directors stipulate a limited term of office for independent directors:

Yes ☐

No ☒

C.1.28 Indicate whether the corporate bylaws or rules of procedure of the Board of Directors establish any formal processes for proxy voting on the Board of Directors., in particular regarding the maximum number of proxies a director may hold and whether it is required for proxies to be the same type of director. If so, briefly explain the rules.

Article 24.13 of the Bylaws provides that the Directors may delegate in writing their attendance and voting to any other Director.

Also, article 4.1.d. of the Rules of Procedure of the Board of Directors, establishes that Directors, notwithstanding their duty to attend the meetings of the organs which they form part of, and to reduce their absences to only the most essential instances, may delegate proxies to attend on their behalf, provided that said proxy is essential and is granted to another member of the Board in writing, is addressed to the Chairman of the Board, contains instructions and is exclusively for the meeting in question.

C.1.29 Indicate the number of meetings held by the Board of Directors during the past year. Likewise, indicate, if applicable, the number of times that the Board has met without the attendance

of its Chairman: This calculation shall consider proxies without specific instructions as cases of non-attendance:

Number of Board meetings	23
Number of Board meetings not attended by the Chairman	0

Indicate the number of meetings that the various Board Committees have held during the year:

Commission fee	Number of meetings
AUDIT COMMITTEE	9
COMPLIANCE COMMITTEE	6
CORPORATE GOVERNANCE COMMITTEE:	9

C.1.30 Indicate the number of meetings held by the Board of Directors during the year without the attendance of all of its members. This calculation shall consider proxies without specific instructions as cases of non-attendance:

Attendance by directors	17
% of absences with respect to total votes during the year	97.39%

C.1.31 Indicate whether the individual and consolidated annual accounts submitted for approval by the Board have been previously certified:

Yes ☒

No ☐

Identify, if applicable, the person/s who has/have certified the individual and consolidated annual accounts of the company, for the drafting thereof by the Board:

Name	Position
MR. ANGEL CORZO UCEDA	ECONOMIC FINANCIAL MANAGER

C.1.32 Explain the mechanisms, if any, established by the Board of Directors to prevent the individual and consolidated accounts drafted by it from being presented at the General Shareholders' Meeting with a qualified opinion in the auditors' report.

Pursuant to article 26.5 of the Corporate Bylaws and art. 14.2. e) of the Rules of Procedure of the Board of Directors, the Audit Committee has among its competences that of maintaining relations with external auditors in order to receive information in regard to those matters which might jeopardize the independence of the latter, and any other matters related to the audit process, and likewise to receive information and maintain with the auditor the communications stipulated by law.

In accordance with article 9.4 of the Rules of Procedure of the Board of Directors, the relations of the Board with the external auditors of the company, which shall be channeled through the Audit Committee, shall conform to criteria of loyal collaboration and respect for their independence. It is endeavored that the annual accounts drafted by the Board will be verified by the auditors without a qualified opinion. In the case whereby such qualified opinions are unavoidable, the Board, the Chairman of the Audit Committee and the auditors shall explain with clarity to the shareholders the content and scope of the reservations.

C.1.33 Is the Secretary of the Board of Directors a Director?

Yes ☐

No ☒

C.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		
<p>The Rules of Procedure of the Board of Directors of Codere, S.A., 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 (article 11.6).</p> <p>In compliance with the provisions of the said Rules, the Corporate Governance Committee of Codere, SA, at its meeting in April 2012, reported favorably on the appointment of the current Secretary Mr. Luis Argüello Alvarez, following the resignation of his predecessor and his appointment was subsequently unanimously approved by the Board of Directors at its meeting held in May of the same year.</p>		
	Yes	No
Does the Appointments Committee report the appointment?	X	
Does the Appointments Committee report the dismissal?	X	
Does the plenum of the Board approve the appointment?	X	
Does the plenum of the Board approve the dismissal?	X	

Does the Secretary of the Board have the special duty to oversee compliance with the recommendations of good governance?

Yes ☒

No ☐

Comments
<p>Pursuant to article 11.3 of the Rules of Procedure of the Board of Directors of Codere, S.A., the Secretary of the Board must take special care in order to ensure that the actions of the Board:</p> <p>Conform to the letter and the spirit of the Law and its regulations, including those approved by regulatory agencies;</p> <p>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.</p> <p>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:</p>

C.1.35 Indicate the mechanisms, if any, established by the company to preserve the independence of the auditor, the financial analysts, the investment banks and the rating agencies.

- With regard to the independence of the external auditors:

Pursuant to art. 9.4 of the Rules of Procedure of the Board of Directors, the relations of the Board with the external auditors of the company, which are to be channeled through the Audit Committee, shall obey criteria of loyal collaboration and respect for their independence. In addition, art. 14.2.e) of the same Regulation establishes that the Audit Committee shall have competence over the maintenance of relations with the external auditor, in order to receive information on those matters which may jeopardize the independence of the latter

Also, the Rules of Procedure of the Board of Directors establishes, among other tasks entrusted thereto, that the Audit Committee shall elevate the following to the Board of Directors: the selection, appointment, reappointment and removal of the external auditor, and the terms of their employment and receive regular information from the external auditor on the audit plan and the results of its execution, and verify that senior management are acting on its recommendations (Article 14.3.2 ; a) and b)).

Lastly, art. 14.3.2c) of the Rules of Procedure of the Board of Directors stipulates that it corresponds to the Audit Committee to ensure the independence of the external auditor, being required for said purpose to ensure that the Company communicates the change in auditor as a relevant fact to the Spanish Securities Commission (together with a declaration on the eventual existence of disagreements between the incoming and outgoing auditor), ensure that the Company and the auditor respect the regulations in effect regarding the provision of services other than auditing services, the limits on the concentration of the business of the auditor, and in general, the other rules established to ensure the independence of auditors; and, if the external auditor resigns, examine the circumstances that have led thereto - With regard to the independence of financial analysts, investment banks and rating agencies:

Article 6.2 of the internal Code of Conduct in Securities Markets stipulates that at the informative meetings between the company and its representatives with analysts, institutional investors and other securities market professionals, it will be endeavored to follow the recommendations established in said regard by the Spanish Securities Commission.

As a follow-up to the above, the investor relations department channels communication with institutional shareholders and financial analysts which cover the action of the Company, taking care to ensure that they are not furnished with any information which could entail a situation of privilege or advantage for them, in relation to the rest of the shareholders and moreover, consequently complying with the provisions of art. 6.1.c) of the Internal Code of Conduct in Securities Markets, which stipulates as prohibited conduct the recommendation to third parties of the acquisition, sale or assignment of company securities on the basis of privileged information.

C.1.36 Indicate whether during the year the Company has changed its external auditor. If so, identify the incoming and the outgoing auditor:

Yes ☐

No ☒

In the event of any disagreement with the outgoing auditor, explain:

C.1.37 Indicate whether the auditing firm does any work other than auditing for the company and/or its group, and, if this be the case, state the fees received for said work and the percentage this entails of the fees invoiced to the company and/or its group:

Yes ☒

No ☐

	Company	Group	Total
Amount of work other than auditing (thousands of euros)	4	220	224
Amount of work other than auditing / Total amount invoiced by the auditing firm (as a %)	2.61%	11.38%	10.74%

C.1.38 Indicate whether the audit report of the Annual Accounts for the preceding year shows any reservation or qualified opinion. If so, indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of said reservations or qualified opinions:

Yes ☐

No ☒

C.1.39 Indicate the number of years that the current auditing firm has been auditing the annual accounts of the company and/or its group without interruption. Likewise, indicate what percentage the number of years audited by the current auditing firm is with respect to the total number of years in which the annual accounts have been audited:

	Company	Group
Number of uninterrupted years	6	6
Number of years audited by the current auditor firm /no. of years that the company has been audited (as a %)	37.50%	37.50%

C.1.40 Indicate whether there is any procedure allowing directors to have access to external consultancy, and if so, give details:

Yes ☒

No ☐

Detail of Procedure

Under Article 5.1 of the Rules of Procedure of the Board of Directors of Codere, SA, the Directors, in addition to access to all services of the company and to seek information and advice they need to perform their duties, shall be entitled to propose to the Board of Directors to hire external financial, legal, technical, commercial advisors or any other measures deemed necessary in the interests of company. External consultancy is to be sought when the majority of independent Directors coincide on the need thereof.

Additionally, article 13.6 of the Rules of Procedure of the Board of Directors establishes that the Committees are authorized, in addition to the power to call for the attendance and collaboration of Company managers and employees, to contract external advisors when required by the Chairman of the Board. Managers, employees and outside consultants report directly to the Committee seeking their services.

C.1.41 Indicate and if so, detail whether there is any procedure allowing directors to have access to the information required to prepare the meetings of the organs of administration sufficiently in advance:

Yes ☒

No ☐

Detail of Procedure

Article 12 of the Rules of Procedure of the Board of Directors establishes that the notification of ordinary meetings of the Board shall be made by letter, fax, Telegram or e-mail and shall carry the signature of the Chairman or that of the Secretary or Deputy Secretary by order of the Chairman. Notice will be sent in good time for the Directors to receive it no later than the fifth day before the date of the meeting. The notice of meeting shall at all times include the agenda of the meeting together with any written information deemed suitable as stipulated in said Rules. Nevertheless, when the Chairman deems that there are exceptional circumstances so requiring, the meeting of the Board may be called by telephone, fax or email, without observing the term of advance notice mentioned above and without providing the aforesaid information, informing the Directors of the possibility of examining said information at the registered office.

Nevertheless, for those sessions of the Board that will debate the amendment of the regulation, Article 18 increases the aforementioned period, indicating that any proposal to amend the Regulation of the Board shall be included in the agenda of the session in which it will be voted, to be convened with at least ten days advance notice to facilitate their examination and analysis.

C.1.42 Indicate, and if applicable, detail whether the company has established any rules requiring directors to report to the company any cases which may harm the trustworthiness and reputation of the company and, where appropriate, to resign:

Yes ☒

No ☐

Explain the Rules

Article 3.6 of the Rules of Procedure of the Board of Directors stipulates that Directors are required to resign in those cases which may harm the trustworthiness and reputation of the Company, and likewise to report to the Board any criminal action brought against them, as well as the subsequent procedural outcome. If a Director is prosecuted or is brought to trial for any of the crimes indicated in article 213 of the Capital Companies Act, the Board shall review the case as soon as possible and, in view of the specific circumstances; decide whether or not the director should continue in office. The Board will report on the matter in the Annual Corporate Governance Report.

C.1.43 Indicate whether any member of the Board of Directors has informed the company that he or she has been indicted or ordered to stand trial for any of the crimes indicated in article 213 of the Capital Companies Act:

Yes ☐

No ☒

Indicate whether the Board of Directors has analyzed the case. If so, give a reasoned explanation of the decision taken as to whether or not it is advisable for the director to remain in his or her position.

C.1.44 Detail the significant agreements entered into by the company and those, which will enter into force, be amended or concluded in the case of a change in the control of the company as the result of a takeover bid, and the effects thereof.

1.- Senior Credit Line: The Company has entered into a Senior Credit Agreement dated October 19, 2007, as amended and novated on various dates (during the year under review, on dates January 9, 2014, September 23, 2014 and October 13 of 2014), for a maximum available amount of €130 million in cash and €18.8 million in guarantees, and although it is technically in default, the holders have signed an agreement to not enforce said default while the conditions of the Lock-up Agreement signed in September 2014 are met.

Said Senior Credit Line provides an early termination in the event of a change of control of the company Codere, S.A. and all amounts due thereunder shall, where applicable, be immediately paid within two business days.

2.- Bond Issue for 760 million Euros: The Codere, S.A. subsidiary, Codere Finance SA (Luxembourg), has issued bonds maturing in 2015 (different dates from June 2005) for an aggregate nominal amount of 760 million euros. Codere S.A., and several of its subsidiaries guarantee the issues. In the case of a change in control of Codere S.A., the bondholders would be able to request the early repurchase of all or part of their certificates. These bonds are in default for non-payment of coupons, but the bondholders have signed an agreement not to enforce the said default and the terms for refinancing, to not enforce said default while the conditions of the Lock-up Agreement signed in September 2014 are met.

3. ☐ Bond Issue for 300 million USD: On February 1, 2012, the subsidiary of Codere, S.A., Codere Finance SA (Luxembourg) issued bonds maturing in 2019, for a nominal amount of USD 300 million, which was fully subscribed on the same date. The issue, which was guaranteed by Codere S.A. and several of its subsidiaries, is in addition to the bond issues carried out by Codere Finance (Luxembourg) S.A. mentioned in the preceding point. In the case of a change in control of Codere S.A., the bondholders would be able to request the early repurchase of all or part of their certificates. These bonds are in default for non-payment of coupons, but the bondholders have signed an agreement not to enforce the said default and the terms for refinancing, to not enforce said default while the conditions of the Lock-up Agreement signed in September 2014 are met.

Additionally, there is another series of contracts with service providers, which provide for early termination in the case of a change in the control or ownership of Codere, S.A. (or of the supplier) without the need of the written consent of the other party in advance; although we consider that these agreements are of relative importance.

C.1.45 Identify in aggregate and specify, in detail, the agreements between the company and its directors and executives or employees providing for compensation, indemnity or guarantees, if they resign or are made redundant without valid reason or if the contractual relationship comes to an end as a result of a public takeover bid or other corporate operations.

Number of beneficiaries: 4

Type of beneficiary: Executives

Description of the agreement:

In three of the contracts the guarantee is compensation for dismissal equivalent to one year of salary; another case is for severance pay equal to 18 months

Indicate whether the existence of such contracts is required to be reported and/or whether the governance organs of the company or of its group must approve them:

	Board of Directors	General Meeting of Shareholders
Organ authorizing the contracts	Yes	No

	Yes	No
Was the General Meeting of Shareholders informed of the contracts?		X

C.2 Committees of the board of directors

C.2.1 Detail all of the Committees of the Board of Directors as well as the independent and nominee members thereof:

AUDIT COMMITTEE

Name	Position	Type
MR. JUAN JOSÉ ZORNOZA PÉREZ	CHAIRMAN	Other External
MR. EUGENIO VELA SASTRE	MEMBER	Other External
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	MEMBER	Nominee
MR. JOSEPH ZAPPALA	MEMBER	Independent

% of executive directors	0.00%
% of nominee directors	25.00%
% of independent directors	25.00%
% of other external directors	50.00%

COMPLIANCE COMMITTEE

Name	Position	Type
MR. JOSÉ IGNACIO CASES MÉNDEZ	CHAIRMAN	Nominee
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	MEMBER	Nominee
MR. JUAN JUNQUERA TEMPRANO	MEMBER	Independent
MASAMPE, S.L.	MEMBER	Nominee
MR. JOSEPH ZAPPALA	MEMBER	Independent

% of executive directors	0.00%
% of nominee directors	60.00%
% of independent directors	40.00%
% of other external directors	0.00%

CORPORATE GOVERNANCE COMMITTEE:

Name	Position	Type
MR. JUAN JOSÉ ZORNOZA PÉREZ	MEMBER	Other External
MR. JOSÉ IGNACIO CASES MÉNDEZ	MEMBER	Nominee
MR. EUGENIO VELA SASTRE	MEMBER	Other External
MR. JUAN JUNQUERA TEMPRANO	CHAIRMAN	Independent
MASAMPE, S.L.	MEMBER	Nominee

% of executive directors	0.00%
% of nominee directors	40.00%
% of independent directors	20.00%
% of other external directors	40.00%

C.2.2 Complete the following table with information on the number of directors comprising the committees of the board during the last four years:

	Number of directors							
	2014		2013		2012		2011	
	Number	%	Number	%	Number	%	Number	%
Audit Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Corporate Governance Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Compliance Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%

C.2.3 Indicate whether the following functions correspond to the Audit Committee:

	Yes	No
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.	X	
Periodically revise the internal control and risk management systems, in order that the principle risks may be adequately identified, managed and disclosed;	X	
Monitor the independence and efficiency of the internal audit process; propose the selection, appointment, re-election 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.	X	
Set up and supervise a mechanism allowing employees to confidentially report, and where appropriate, anonymously, any irregularities which they observe in the company and that may have repercussions, especially in regard to financial and accounting matters.		X
Submit to the Board proposals regarding the selection, appointment, re-election and replacement of the external auditor, as well as the auditor's contract conditions;	X	
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	X	
Ensure the independence of the external auditor	X	

C.2.4 Describe the rules of procedure regarding the organization and operation, as well as the responsibilities, of each Board committee:

AUDIT COMMITTEE

Article 14 of the Rules of Procedure of the Board of Directors regulates all these issues regarding the Audit Committee.

Regarding 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 re-election 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.

The Audit Committee shall have the primary function of supporting the Board of Directors in its financial supervision and also a number of other functions such as the following: Report to the General Meeting on matters arising within its jurisdiction; reelection, substitution and conditions of employment of the external auditor; monitoring the effectiveness of internal control of the company; monitoring in relation to information systems and internal control; information to the Board prior to the adoption by it of certain decisions; certain aspects of political control and risk management of the Company; ensure the independence and effectiveness of internal audit and external audit and others.

COMPLIANCE COMMITTEE:

Article 15 of the Rules of Procedure of the Board of Directors regulates all these issues regarding the Compliance Committee.

The Committee shall be made up of a minimum of three and maximum of six members, a majority of which shall be external directors. The Committee shall meet each time the Board of Directors requests a report or the approval of proposals that fall within its areas of responsibility, if the Committee Chairman for fulfilling its objectives considers this advisable.

Its powers are those related to monitoring the confidential and anonymous communication mechanism for irregularities, especially potential financial and accounting irregularities, monitoring compliance with national or foreign legislation on gaming, and the evaluation systems for internal control in relation to reporting obligations and transparency in gaming.

CORPORATE GOVERNANCE COMMITTEE:

Article 16 of the Rules of Procedure of the Board of Directors regulates all these issues regarding the Corporate Governance Committee.

This Committee integrates the functions that are recommended by the Appointments and Remuneration Committee, which will consist of a minimum of three and a maximum of six members, all of whom shall be external Directors.

The powers conferred to this Committee includes the verification of compliance with the Internal Code of Conduct regarding the Securities Markets, preparing reports and recommendations to the Board on decisions to be taken in the conflicts of interest, submit the Annual Corporate Governance Report to the Board of Directors and the Report on the Remuneration Policy for Administrators, make proposals set out in the Regulations with respect to the remuneration of the members of the Board of Directors, 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;

C.2.5 Indicate the existence, if any, of rules of procedure for the Board committees, the place where they are available for consultation and any changes made in them during the year. In turn, indicate whether any annual report in regard to the activities of each committee has been voluntarily drafted:

AUDIT COMMITTEE

The organization and operation of the Audit Committee is regulated in detail in article 14 of the Rules of Procedure of the Board of Directors and under article 26 of the Corporate Bylaws. Said regulations, which have not been changed during the year, are available on the Codere website (www.codere.com).

The Audit Committee has presented a report to the Board of Directors on the activities it has carried out during 2,014.

CORPORATE GOVERNANCE COMMITTEE:

The organization and operation of the Compliance Committee is regulated in detail in article 16 of the Rules of Procedure of the Board of Directors. Said regulation, which has not been changed during the year, is available on the Codere website (www.codere.com).

The Corporate Governance Committee has presented a report to the Board of Directors on the activities it has carried out during 2,014.

COMPLIANCE COMMITTEE:

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 regulation, which has not been changed during the year, is available on the Codere website (www.codere.com).

The Compliance Committee has presented a report to the Board of Directors on the activities it has carried out during 2014.

C.2.6 Indicate whether the composition of the management or executive committee reflects the participation in the Board of the various directors in terms of their type of directorship:

Yes ☐

No ☒

If "NO", explain the composition of your Executive Committee

The Board of Directors of Codere S.A. does not have an Executive committee.

D RELATED-PARTY AND INTRA-GROUP TRANSACTIONS

D.1 Identify and explain, if appropriate, the competent body and the procedure for approval of related-party and intragroup transactions.

Body responsible for approving related-party transactions
The Board of Directors

Procedure for the approval of related-party transactions
--

Article 7 of the Rules of Procedure of the Board of directors of Codere, S.A. states that related-party transactions must be approved by the Board of Directors following a favourable report of the Audit Committee. The Directors affected by these transactions can neither exercise nor delegate their votes, should be absent from the meeting while the Board deliberates and votes.

However, authorization of the Board is not required for related-party transactions that simultaneously meet the following three conditions:

- (i) They are conducted under contracts whose terms are standardized and apply en masse to many customers;
- (ii) That they be carried out at prices or rates generally established by the supplier of the good or service in question;
- (iii) The amount does not exceed 1% of the annual revenue of the Company.

Explain whether the approval of transactions with related parties has been delegated, indicating, where appropriate, the body or persons to which it has been delegated.

The Board has reserved that power and it has not been delegated to any other body or person.

D.2 Detail the transactions that are significant due to the amount or subject matter between the company or entities of its group, and the significant shareholders of the company:

D.3 Detail the transactions which are significant due to the amount or subject matter between the company or entities of its group, and the directors or management of the company:

Name of director or manager	Related party name or corporate name	Relationship	Nature of the operation	Amount (thousands of euros)
MS. ENCARNACIÓN MARTÍNEZ SAMPEDRO	CODERE, S.A.	DIRECTOR	Financing agreements: loans	512
MR. JOSÉ RAMÓN ROMERO RODRÍGUEZ	CODERE, S.A.	DIRECTOR	Provision of services	500
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE, S.A.	DIRECTOR	Financing agreements: loans	1,026
MR. ADOLFO CARPENA MANO	CODERE, S.A.	EXECUTIVE	Financing agreements: loans	103
MR. FERNANDO ORS VILLAREJO	CODERE, S.A.	EXECUTIVE	Agreements for financing: loans	154
MR. LUIS JAVIER MARTÍNEZ SAMPEDRO	CODERE S.A.	DIRECTOR	Purchases of finished goods and others	3

D.4 Detail the significant transactions carried out by the company with other companies belonging to the same group, provided that these are not eliminated in the process of drafting the consolidated financial accounts and do not form part of the normal business activity of the company in regard to their object and conditions.

In any case, report any intra-group transaction carried out with entities established in countries or territories considered as a tax haven:

D.5 Indicate the amount of transactions with other related parties. 579 (In

thousands of Euro)

D.6 Detail the mechanisms established in order to detect, determine and resolve any possible conflict of interest between the company and/or its group, and its directors, management or significant shareholders:

Among the duties of Directors stipulated in Article 4 of the Rules of Procedure of the Board of Directors of Codere, S.A. is the duty of loyalty to company interests and, in said regard, paragraph 4.d thereof states that: The Directors are required to communicate to the Board of Directors any situation of direct or indirect conflict which they may enter into with respect to Company interests. In the case of conflict, the affected Director shall refrain from taking part in the transaction which is the object of conflict. Situations of conflict of interests shall be reported in the annual report.

Article 16 of the said Rules, when regulating the composition, functioning and competences of the Corporate Governance Committee, determines that said Committee shall draft reports and proposals to the Board regarding the decisions to be adopted in cases of conflict of interests.

In addition, in accordance with article 5 of the Codere Internal Code of Conduct in Securities Markets, the affected persons (that is, directors, senior management, and employees which may have access to privileged information) are required to adapt their actions in relation to the conflict of interest not only to the provisions of said Code but also to the provisions of the Rules of Procedure of the Board of Directors, insofar as these are applicable to them.

When a situation takes place that entails, or may potentially entail, a conflict of interest, the person subject to the Code must immediately inform the General Secretariat of said situation, and furnish said Secretariat with all information requested of said individual for an evaluation of the circumstances of the case, if required.

The General Secretariat shall pass this on to the Board Committee for the adoption of the pertinent decisions. The Board Committee is to be consulted about any doubt as to the possible existence of a conflict of interest before any decision that could be affected by said conflict of interest is adopted.

The General Secretariat shall communicate the existence of the conflict of interest to the person or person involved in the management of the situation or in the adoption of the decisions affected by said conflict.

The person subject to the Code who is affected by a situation of conflict of interest shall refrain from taking part in or directly or indirectly influencing the transaction, decision or situation affected by said conflict.

In the case of a conflict of interest, as a general rule resulting from the obligation of loyalty to the Company, the interest of the Codere Group is to prevail over that of the affected person subject to the Code.

D.7 Does the Group have more than one listed company in Spain?

Yes ☐

No ☒

Identify the listed subsidiaries:

Listed subsidiaries

Have the respective areas of activity and eventual business relations between the two, as well as those of the listed subsidiary with the other companies in the group been expressly publicly announced

Define any business dealings between the parent company and the listed subsidiary, and between it and the other group companies

Identify the mechanisms in place to resolve possible conflicts of interest between the listed subsidiary and other group companies:

Mechanisms to resolve potential conflicts of interest

E.1 Explain the scope of the Risk Management System of the company.

The Risk Management System exists at the business area level or for specific projects but does not consolidate information at the corporate or group level.

During 2012, the Board of Directors approved the Risk Control and Management General Policy as well as the Risk Tolerance Document.

The Codere Group Risk Control and Management General Policy aims to establish the basic principles and general action framework for the control and management of every type of risk faced by the Group.

All actions aimed at controlling and mitigating risk at all times follow certain basic principles, such as the integration of risk-opportunity vision, operating level segregation of risk-taking areas, and areas responsible for risk analysis, control and supervision; guarantee of the correct use of hedge instruments and assurance regarding adequate compliance with corporate governance rules and the values set out by the company in its Code of Ethics.

The Risk Control and Management General Policy and its basic principles are materialized through a system of risk control and management, based on a definition and assignment of functions and responsibilities at the operating level and on a series of procedures and methodologies in line with the various stages and activities of the system. The principal stages and activities include, but are not limited to, the following:

- a. Risk tolerance definition by the Board of Directors.
- b. Annual identification and analysis of the significant risks conducted by each Business Unit and/or department.
- c. Reporting of the principal risks, especially those exceeding the limits established by the Board of Directors.
- d. Introduction and control of compliance with policies, guidelines and limits, through adequate procedures and systems required to mitigate the impact of risk materialization.
- e. Periodical evaluation and communication, at least yearly, of the results of the control and management monitoring.
- f. Auditing of the system by the Internal Audit Department.

E.2 Identify the organs of the company responsible for the development and implementation of the Risk Management System.

Article 26 of the Company Bylaws stipulates that the Audit Committee shall at least carry out the functions of supervising the efficacy of company internal control, internal auditing, if applicable, and the risk management systems. Likewise, article 15.3 of the Rules of Procedure of the Board of Directors establishes that the Audit Committee in particular is in charge of periodically revising the internal control and risk management systems for the proper identification, management and dissemination of the principal risks. Lastly, the Board of Directors has conferred upon the Audit Committee (which in turn has delegated to the Internal Audit Department) the responsibility of periodically revising the risk control and internal control systems, for the proper identification, management and dissemination of the principal risks. Likewise, at least once a year the Audit Committee is required to report to the Board of Directors in regard to risk control and any malfunctions detected in the internal audit reports or in the exercise of its functions.

E.3 Describe the main risks that may affect the achievement of business objectives.

The Risk Control and Management General Policy includes the identification and definition of the typology of risks which are significant for the Group, and which, in general terms, are listed below:

- Corporate Governance Risks: The Company employs the strategy of sustained maximization of the economic value of the Company and its successful outcome in the long term taking into account the legitimate public or private interests of the various stakeholders, communities and territories in which the Group acts, and those of its workers. In said regard, compliance with Group corporate governance systems inspired by the good governance recommendations generally recognized in the financial markets becomes fundamental.

- Operational and Loss of Income Risks: established as the uncertainty in regard to the performance of key variables intrinsic to the business, as well as those related to direct or indirect economic loss resulting from inadequate internal processes, technological breakdown, and human error or as the result of outside events, including economic, social and reputational impact.

- Regulatory and Institutional Relation Risks: these come from changes in regulations established by the various regulators where the Group has a presence, principally in regard to the conditions related to the exploitation of the licenses granted, and which may adversely affect foreseen income. Likewise included are risks from delays, complications,

and even the impossibility of carrying out projects, improvements, offers of new products, etc., owing to difficult relations with the regulatory institutions.

- Fiscal Risks: resulting from the various interpretations that, in the case of audit, regulators may give to the fiscal criteria followed by the Group.

- Indebtedness Risk: As a consequence of the indebtedness level and characteristics, the debt service obligations may hinder the growth of Group operations and limit their performance. As a result of the obligations assumed in borrowing operations, there are limits on additional indebtedness, the possibility of granting new guarantees, investing in certain assets or disposing of them, and the obligation of compliance with certain ratios and covenants.

- Country Risk: Risk resulting from the sociopolitical situation of the countries in which the Group has a presence, especially in Latin America. This category also includes the risks resulting principally from the local currency exchange rate fluctuations against the euro in those countries where the Group has a presence.

- Technological Risk: refer to the negative impacts that may occur in the Group as a result of losses caused by interruption, failure or damage arising from the information systems and technology platforms game.

- Reputational Risk: Potential negative impact on Group value as the result of conduct by the company that does not meet the expectations created in the various stakeholders.

E.4 Identify whether the company has a level of risk tolerance.

The general risk management and control policy of the Codere Group provides that the Board of Directors of Codere, S.A. is responsible for defining the Group's risk tolerance.

The definitions of tolerance and risk levels are regularly updated and communicated to the rest of the organization by establishing a framework of policies, guidelines and limits, as well as the corresponding mechanisms for the approval, which will contribute effectively to ensuring that Risk management is conducted in accordance with the risk tolerance of the Company.

To this end, the Company has established a scale with five levels of risk tolerance. For each of the types of risks to which the Group is subject a value of this scale is assigned, thereby establishing the risk tolerance by type of risk.

The risk analysis is decentralized to the heads of each business unit and/or department, who are responsible for understanding and managing each of the risks that affect him or her. Annually, in accordance with said analysis, the principal risks, especially those exceeding the limits established by the Board of Directors must be reported.

E.5 Indicate which risks have materialized during the year.

Operational risks:

Circumstances giving rise to the risk: These risks are intrinsic to the business model, to Group activity and to the markets in which it operates, and therefore exist and are materialized throughout each business year.

How the control systems functioned: The internal control systems established by the Group have been functioning correctly throughout the year; consequently, they have had no significant effect on the Group financial statements.

Regulatory risk:

Circumstances giving rise to the risk: During the year there were some exceptional factors driven by regulatory changes made by different regulators or by different actions by the government of the countries where the Group operates that have generated significant liquidity problems in the group. Of these factors, we would highlight the closure of eight arcades in Mexico in 2013, of which seven are still closed in 2014 and the company's decision to terminate the process Corte dei Conti by paying a percentage of the sanction imposed at first instance.

How the control systems functioned: As soon as these threats are identified and the risks are identified, we apply suitable mitigation plans through both the Group's interest in the relevant industry associations, and through the activity of institutional relationship and by establishing process optimization plans and improving the efficiency of operations sufficient to recover the levels of margins initially planned

Fiscal Risks:

Circumstances giving rise to the risk: Codere Mexico and its subsidiaries are currently in process of tax inspection for the years 2008 and 2009 by the Mexican Tax Administration Service that we believe will end in the year 2015. Additionally, in December 2014 we were notified of the negative decision of the Appeal of Revocation presented by Codere Mexico in relation to the Inspection Report issued in 2012 resulting in the denial of the deduction in 2008 of certain amounts of foreign exchange losses. The filing of a Judgment of Nullity of the emitted Act require the need to ensure the amount derived from the Act to the Mexican Tax Administration Service.

How the control systems functioned: Established control mechanisms had identified potential risks and contingencies, allowing the correction mechanisms in the extent to which they were provided.

Indebtedness Risk:

Circumstances giving rise to the risk: Due to liquidity problems suffered by the Group during the year, and motivated by different factors, the Group has been in a deficit cash situation and could not meet the payment of coupons on bonds issued by the company nor the maturity of the senior SFA credit.

How the control systems functioned: On 23 September 2014, Codere, S.A., Codere Luxembourg Finance, S.A. and certain companies of Codere Group signed a Lock-up agreement with the holders of approximately 80.2% of the Bonds in Euros and 88.9% of the Bonds in dollars. The implementation of the terms and conditions of the Lock-up guarantee the long-term viability of our business.

Moreover, the senior credit agreement is under a standstill agreement linked to the Lock-up Agreement. Country risk:

Circumstances giving rise to the risk: Sociopolitical instability in Argentina has resulted in difficulties and restrictions in repatriating funds to Spain, as well as the impact of the devaluation of the Argentine currency against the euro.

How the control systems functioned: Once the restrictions were identified, the risk was managed through the institutional relation and the seeking of alternative financing sources.

E.6 Explain the response plans and supervision for all major risks of the company.

Specific control of Regulatory, Operational and Reputational Risks under the Code of Ethics and Conduct

The General Risks Map of the Codere Group highlights the potential impact of specific risks emanating from Regulatory Frameworks affecting the gaming sector in all geographic areas, especially on the Prevention of Money Laundering and proper compliance with the many regulations affecting the opening and operation of the gaming halls of various types and the game elements and systems included.

In parallel, the protection from Reputational and Operational Risks that may affect the Codere Group is approached from different perspectives designed to ensure the adequacy of third parties, customers, suppliers and our own staff so that the standards of Ethical Conduct and prior knowledge of possible causes of appropriateness, are achieved by various processes ensuring adequate Due Diligence and compliance with KYC rules. At the same time, the above is enhanced with a tool for effective channelling of complaint through a Whistleblower Channel, confidentially, for employees, third parties and customers in all matters affecting the protection of their professional and personal interests derived from their work as well as the economic interests of the Codere Group in any geographic area in which it operates.

All this is included in the Compliance Policy adopted by the CODERE Group as part of its ongoing efforts to maximize compliance efforts with the various regulations and improve sound business practices. And to that end, CODERE, S.A. has established its General Compliance Plan approved by the Board of Directors on September 22, 2005.

To effectively address this Compliance Plan, Article 15 of the Rule of Procedure of the Board of Directors of CODERE, S.A. established the creation of the Compliance Committee, which, among other related tasks, performs the ongoing monitoring of compliance and control systems by the Company and the Group of the rules on the prevention of money laundering and the proposed implementation and improvement as it deems necessary or desirable. The Compliance Committee also monitors implementation throughout the Codere Group of the Code of Ethics and Conduct approved by the Board of Directors on January 27, 2011 and the various Complaints channels in all geographic areas to allow employees, customers, suppliers, and other third parties with whom the company has contractual relationships, to confidentially and, if necessary, anonymously, communicate any irregularities of potential importance, especially financial and accounting irregularities within the company.

For the actual efficiency of the Committee's work, CODERE SA created the Corporate Compliance Department, which directs and coordinates compliance officers expressly instituted in all geographic areas in which the Company operates, with the exclusive and permanent mission to accomplish, internally and externally, in all business units of any geographic area, full compliance with the letter and spirit of the law and the use of best practices and codes of conduct.

For details of the activities undertaken during 2014, see section H.

F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS REGARDING THE FINANCIAL REPORTING PROCESS (FRICS)

Describe the mechanisms that comprise the risk management and control systems in relation to the financial reporting process (FRICS) in your company.

Company control environment

Report, noting the main features, on at least:

F.1.1. What organs and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective Financial Reporting Internal Control System (FRICS); (ii) its introduction; and (iii) its supervision?

(i) The Board of Directors is responsible for approving the Risk Control and Management Policy, as well as the periodical monitoring of the internal information and control system, as stated in article 7 of the Rules of Procedure of the Board of Directors.

(ii) The implementation and maintenance of the Financial Reporting Internal Control System is the responsibility of the Economic Financial Corporate Department, as well as of the Economic Financial Corporate Managements of the various Business Units. Likewise, the various General Managements are responsible for effective introduction in their area of activity.

(iii) The Audit Committee is responsible for supervising the Internal Control System. Among its functions, as Delegated Committee of the Board of Directors, are the following:

a. Supervise the process of drafting the Company and if applicable, Group, financial reporting and the completeness thereof, reviewing compliance with the regulatory requirements, proper delimitation of the consolidation perimeter and the correct application of accounting criteria.

b. Periodically revise the internal control and risk management systems, in order that the principle risks may be adequately identified, managed and disclosed;

c. Report, at least once a year, to the Board of Directors in regard to matters of risk control and any malfunctions detected, if applicable, in the internal audit reports or in the exercise of the above listed functions.

F.1.2. Indicate whether the following exist, especially in regard to financial reporting:

- Departments and/or mechanisms in charge of: (i) the design and review of organizational structure; (ii) clearly defining lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) seeing to it that sufficient procedures exist for their proper dissemination in the company.

The Company has an organizational structure that has developed the major lines of responsibility and authority in the various processes, for each business unit and for each significant geographical area of the Group. The Human Resource Departments and Operational departments participate in its design and revision. These lines of responsibility and authority are communicated at the required levels by means of different levels of formalization. Likewise, the Company has a clear and up-to-date policy of powers resulting in the maximum exponent of lines of authority.

The Board of Directors, at the proposal of the Company President, reserves for itself the power to appoint and eventually dismiss Senior Management, whereas the Corporate Governance Committee 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 it requires for its management.

- Code of Conduct, organ of approval, degree of dissemination, principles and values included (indicating whether specific mention is made of the recording of transactions and financial reporting) organ in charge of analyzing breaches and proposing corrective action and sanctions.

The Company has:

- 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 Department is the area in charge of overseeing its compliance and of proposing corrective action and sanctions.

The Code of Ethics and Business Conduct has been disseminated and communicated throughout the Group.

Among the values contained in the Code of Ethics and Business Conduct can be found, among the values related to the Codere Group Environment (Section V of "The Codere Group Environment"), article 5.2 "Truthful, adequate and useful information", which describes how the Codere Group is to report on its policies and actions in a truthful, adequate, useful and congruent manner. Specifically, in relation to economic-financial information, said information, especially the Annual Accounts is to faithfully reflect the reality of the economic and financial situation as well as the net worth of the company in accordance with generally accepted accounting principles and the applicable international financial reporting standards. In this regard, no professional shall conceal or distort the information of the Codere Group accounting records and reports.

A lack of honesty in financial reporting is in violation of the Code of Ethics and Business Conduct, also considering the delivery of incorrect information, the incorrect organization of information or the intent to mislead those receiving it to be a lack of honesty.

- Whistleblower Channel, making it possible to communicate to the Audit Committee any financial and accounting irregularities, in addition to eventual breaches of the code of conduct and irregular activities in the organization, and informing whether said information is confidential.

Article 15.2.d) of the Rules of Procedure of the Board of Directors attributes jurisdiction to the Compliance Committee for establishing and supervising a mechanism which allows employees, customers, suppliers and other third parties with which contractual relations exist, to communicate confidentially and if it deems it appropriate, anonymously, any potentially significant irregularities, especially financial and accounting irregularities, which they may note within the company.

In application of the foregoing, the Company has a confidential whistleblower channel through an email address, ordinary mail and a toll-free telephone number. Said Whistleblower Channel has been disseminated to employees together with the Group Code of Ethics and Business Conduct.

The Whistleblower Channels were introduced in all of Codere's geographical areas under the common name of "Ethics Channels" using the same standards and manner of operation as that employed in the global corporate whistleblower channel. Said Channels, which are open to and confidential for Group own personnel as well as customers and suppliers or other third parties with which a commercial or business relation is maintained, are operated exclusively by local Compliance officials, permanently supervised by Corporate Compliance General Department.

The organ in charge of its management is the Security and Compliance Corporate Department, the Department in charge of analyzing confidentially all reports received, proposing corrective action and, if applicable, the pertinent sanctions and at all times informing the Compliance Committee for the performance of its oversight functions.

- Programs for periodical training and updating of personnel involved in preparing and revising financial information, and in the FRICS evaluation, which are to cover at least accounting standards, auditing, internal control and risk management.

Personnel involved in the preparation and review of financial information, as well as in the evaluation of ICFR, receive, according to their different responsibilities, regular training on accounting standards, auditing, and internal control.

According to the organizational structure of the Group, the departments directly related to these functions are Internal Audit and Finance.

F.2 Risk Assessment of the financial information

Report, at least:

F.2.1. What are the principal characteristics of the risk identification process, including those related to error or fraud, in regard to the following:

- whether the process exists and is documented:

The Codere Group has an identification process for the principal risks that may affect the Group, including among all the identified typologies, specific financial reporting risks. The result of this process is a Risks Map containing the residual risks having the greatest impact and the greatest probability in the Codere Group. This map is updated annually, reviewed by the Audit Committee, and on proposal of the said Committee, approved by the Board of Directors.

For critical processes and significant companies, considering in addition that the processes in the different units or locations should be evaluated individually, there are risk and control matrixes where the critical processes are documented, with identification being made of the principal risks affecting said processes, as well as the key controls existing in order to mitigate the material risks having an impact on financial reporting.

- If the process covers all of the financial reporting objectives, (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), if it is updated, and how often.

In the Financial Reporting Risk identification process, with an aim to guarantee the reliability and accuracy of the financial information, evaluation is made of the possible impact in the following categories:

- Existence and occurrence: Transactions, facts and all other events exist and have been recorded at the proper time
- Integrity: The reporting reflects all transactions, facts and all other events with respect to which the company is an affected party.
- Valuation: Recording and valuation are made of all transactions, facts and other events in accordance with the applicable regulations.
- Transaction Cut-of: Transactions are recorded in the proper period on an accrual basis.
- Presentation, disclosure and comparability: The transactions, facts and all other events are classified, presented and disclosed in the financial reporting in accordance with the applicable regulations
- Rights and obligations: The financial reporting reflects the rights and obligations at the corresponding date in accordance with the applicable regulations.

The objective is to determine the possibility that a given risk will occur and in such a case, its impact on the financial statements, in order that it will be possible to prioritize this and draw up a mitigation plan.

This is a process that makes it possible to improve the design and efficacy of the controls and to minimize the risks related to financial reporting. The process of identifying financial reporting risks is a process of periodic review and updating.

- The existence of a process for identifying the consolidation perimeter, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental or special-purpose entities.

The Company consolidation perimeter is clearly identified and is updated monthly, making it possible to know of all Codere Group subsidiaries, the effective ownership percentage, and the degree of influence in said subsidiaries.

Any changes in the Group structure are communicated monthly to all those taking part in the financial reporting process and who need to know of such changes.

- 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.

The Codere Group Risk Control and Management General Policy includes the identification and definition of all of the types of risk faced by the Group and which have been deemed as important, comprised as follows:

- Corporate Governance Risks
- Operational and Loss of Income Risks.
- Regulatory and Institutional Relation Risks.
- Fiscal Risks
- Indebtedness Risk
- Country Risk
- Technological Risk

- What governance organ of the company supervises the process?

In the final instance, the Board of Directors, through the Audit Committee, in accordance with article 14 of the Rules of Procedure of the Board, is in charge of "Periodically revising the internal control and risk management systems, in order for the principal risks to be adequately identified, managed and disclosed.

The Audit Committee is in charge of managing the Control and Risk Management Policy in which at least the following will be identified: the various types of risks, measures foreseen to mitigate the impact of the identified risks, should they materialize, and the reporting and internal control systems which will be used to control and manage the foregoing, including contingent liabilities and off-balance sheet risks.

F.3 Control Activities

Report, noting the main features, if your company at least has:

F.3.1. Procedures for the review and authorization of financial reporting, and the description of the FRICS, to be published in the securities markets, indicating those in charge, as well as documentation describing cash flows from activities and controls (including those related to fraud risk) for the different types of transactions which may materially affect the financial statements, including the year-end closing procedure and the specific review of relevant opinions, estimations, valuations and projections

The Company has procedures for the review and authorization of financial reporting to be published in the securities markets. Said procedures are in regard to:

- Procedures for review and authorization of the individual financial statements for each subsidiary of the Group.
- Procedures for review and authorization of the consolidated financial statements.
- Procedures for review and authorization of the information sent to the securities markets.
- For each significant process, there is descriptive documentation regarding the cash flows from activities carried out by the Economic Financial Department as well as by the rest of the areas participating in the financial reporting.

Said procedures for financial reporting review and authorization contain procedures regarding reviews of relevant opinions, estimations, valuations and projections forming part of the monthly closing procedure applied by the Codere Group.

F.3.2. Financial reporting internal control policies and procedures (among these, access security, control of changes, operation of changes, operational continuity, and segregation of functions) undergone by relevant processes of the entity in relation to the drafting and publication of the financial reporting.

The Company has guidelines and rules of action for managing information security. Said guidelines apply to the systems taking part in the generation of the financial reporting, and are in regard to the use of computer resources, access to user systems and management, the protection of networks, systems, databases and applications and the management of backup copies.

The Information Systems Department is in charge of defining and proposing security policies, except for the physical safety of the Data Processing Center that is the responsibility of the Security and Compliance Department.

F.3.3. Financial reporting internal control policies and procedures aimed at supervising the management of activities sub-contracted to third parties, as well as those aspects of evaluation, calculation or valuation entrusted to independent experts, which may materially affect the financial statements.

There are no relevant areas of activity subcontracted to third parties, which may affect the financial reporting; consequently, it has not been deemed necessary to draft a procedure for the selection of the activities carried out by them.

Nevertheless, in the case of outsourcing of some services related to financial reporting, the contract with the supplier establishes the levels of service supervised by the Information Systems Department.

F.4 Information and Communication:

Report, noting the main features, if your company at least has:

F.4.1. A specific function for defining and keeping accounting policies (area or department of accounting policies) up to date, and resolving any doubts or conflicts resulting from the interpretation thereof, maintaining fluent communication with those in charge of the transactions in the organization, as well as an accounting policy manual updated and communicated to the units through which the entity operates.

Within the Economic Financial Department there is a specific function responsible for resolving any doubts in regard to the interpretations of the regulation. There is an Accounting Policy Manual at the Group level applicable to all of the Business Units. This manual is periodically reviewed and updated.

F.4.2. Mechanisms for gathering and preparing the financial information using homogenous formats applied and used by all units of the entity or of the group, which form the basis for the principal financial statements and the notes, as well as the information detailed in regard to the FRICS.

The Company has homogeneous financial reporting information for all of the Group units that allows the Company to make complete monthly closings. Said reporting contains all the information required for drafting the principal financial statements and their corresponding notes. In addition, it should be pointed out that a large percentage of the financial information of the Group is integrated in the Corporate Information Systems.

F.5 Supervision of system operation:

Report, noting the main features, on at least:

F.5.1. ICFR monitoring activities conducted by the audit committee and whether the entity has an internal audit function whose competencies support the committee in its oversight of the internal control system, including ICFR. Also, report the scope of the assessment of ICFR in the year and the process by which the party responsible for implementing the evaluation reports its results, whether the entity has an action plan detailing any corrective measures, and whether it has considered its impact on financial reporting.

As provided in article 14 of the Rules of Procedure of the Board of Directors, the Audit Committee has among its functions the following:

- Supervise the internal audit services and monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-election and dismissal of the head of the internal audit service; propose the budget for said service; receive periodical information regarding its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
- Periodically revise the internal control and risk management systems, in order that the principle risks may be adequately identified, managed and disclosed;
- Supervise the process for the drafting, presentation and completeness of the financial reporting related to the Company and, if applicable, to the group, reviewing compliance with the regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of the accounting criteria.
- Report, at least once a year, to the Board of Directors in regard to matters of risk control and any malfunctions detected, if applicable, in the internal audit reports or in the exercise of the above listed functions.
- Once a year draft an annual report containing the activities carried out by the Committee

A. Internal Audit Function

The Codere Group has an Internal Audit Department that is directly under the Board of Directors through the Audit Committee, which supervises the internal audit services.

Among the Internal Audit Department functions is that of supervising the compliance, efficacy, and efficiency of the internal control systems, as well as the reliability and quality of the financial and operational information.

This Department is corporate and is present in all countries where the Group has a significant presence. Its entire personnel devote full time to this function, and do not engage in any functions other than those related to internal auditing.

The Audit Committee annually approves the audit plans presented by the Audit Department and, at least once a year, is informed of the result of the work carried out. In the exercise of its functions, the Audit Committee is periodically informed of the internal audit activities and verifies that Senior Management take into account the recommendations and conclusions of its reports.

B. Scope of evaluation of the Internal Control System with regard to Financial Reporting.

The Internal Audit Department, in executing its Annual Plan approved by the Audit Committee, carries out continual supervision of the internal control system of the Codere Group, in order to ensure the control of the reliability of the financial reporting and the operational procedures.

The Audit Department has a pluri-annual supervision plan approved by the Audit Committee. This Plan calls for the review of all critical business processes in all of the Group companies and geographical locations (including information systems) over a three-year period, with the exception of specific areas and processes, which, given their special relevance, are reviewed annually.

Likewise, a work plan has been designed to evaluate the operation and efficacy of the identified controls, which will allow it to serve as supervision of the entire Financial Reporting Internal Control System.

C. Communication of results and corrective measure action plans.

The Audit Committee is informed quarterly of the principal conclusions and recommendations manifested by the Internal Audit Committee in its reports, as well as of the action plans taken on with regard to corrective measures. It is likewise informed of compliance with these action plans.

F.5.2. If the entity has a procedure for discussion by means of which the auditor (in conformity with that established in the NTA), the internal audit function and other experts are able to communicate to senior management and to the Audit Committee or entity directors the significant weaknesses of the internal control system identified during the annual account review processes or any other review processes entrusted to them. Likewise the entity will report whether it has an action plan which seeks to correct or mitigate the weaknesses noted.

The Audit Committee meets at least once every three months (prior to the publication of regulated information) in order to obtain and analyze the information necessary to discharge the duties entrusted to it. At said meetings the Group Annual and Half-yearly Accounts and the intermediate quarterly declarations are reviewed, as is all other information disclosed to the market.

These meetings are also attended by the Economic Financial Department (in charge of preparing the financial reporting) and the Internal Audit Department (with the periodical information on activities), as well as by the external auditor when said auditor is called upon to communicate the results of its work, in an aim to monitor the correct application of the accounting regulations in effect and the reliability of the financial reporting.

In any event, and at all times prior to year-end, the external auditor has a meeting with the Audit Committee at which the principal identified matters of interest and the aspects detected by the auditor at year-end are deliberated on.

On its part, the Group auditor has direct access to Group Senior Management, holding periodical meetings in order to obtain the information required to carry out its work as well as to communicate any control weaknesses detected during the course of its work. With respect to this latter aspect, on an annual basis the external auditor presents a report to the Audit Committee, which details the internal control weaknesses detected in its work. This report incorporates the comments of the Group Management and, if applicable, any action plans which have been put into practice in order to remedy the corresponding internal control weaknesses.

F.6 Other relevant information

The relevant information was provided in the preceding paragraphs.

F.7 Auditor's report:

F.7.1. If the FRICS sent to the markets has been subject to review by the external auditor, in which case the entity should include the corresponding report as an Annex. Otherwise, you should explain the reasons for this.

The Codere Group has not requested a specific report from external auditors on ICFR information sent to markets, in consideration of the fact that said auditors have already conducted a review of internal control, developed according to the technical auditing standards in the audit review process.

G DEGREE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REGULATIONS

Indicate the degree of compliance by the company of the Recommendations of the Unified Code of Good Governance.

In the event that any recommendation is not followed or partially followed, you should include a detailed explanation of the reasons so that shareholders, investors and the market in general, have sufficient information to evaluate the performance of the company. General explanations are not acceptable.

1. That the Bylaws of the listed companies not limit the maximum number of votes which the same shareholder can cast, and not contain any other restrictions that would hinder taking control of the company through the acquisition of its shares on the market.

See sub-paragraphs: A.10, B.1, B.2, C.1.23 and C.1.24.

Complies ☒

Explain ☐

2. That when both the parent company and a subsidiary are listed on the Stock Exchange, both publicly define with accuracy the following:

- a) The respective areas of activity and eventual business relations between the two, as well as those of the listed subsidiary with the other companies in the group;
- b) The mechanisms established to resolve any eventual conflict of interest that may arise.

See sub-paragraphs: D.4 and D.7

Complies ☐

Complies partially ☐

Explain ☐

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.

See sub-paragraph: B.6

Complies ☐

Complies partially ☒

Explain ☐

At its meeting on 18 December 2014 the Board approved the establishment of a wholly-owned company by transferring assets of the Company. The above operation is carried out in accordance with the provisions of Article 72 of Law 3/2009 of April 3, on structural modifications of commercial companies and is scheduled for submission to the General Meeting of Shareholders for approval.

4. That the detailed proposals of the resolutions to be adopted at the General Meeting, including the information which recommendation 27 refers to, be made public at the time of publication of the notice of the General Meeting.

Complies ☒

Explain ☐

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.

Complies ☒

Complies partially ☐

Explain ☐

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.

Complies ☒

Explain ☐

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 ☒

Complies partially ☐

Explain ☐

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 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) Dividend Policy, as well as Treasury Stock Policy, especially the limits thereof

See sub-paragraphs: C.1.14, C.1.16, and E.2

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.
- 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.
- 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 that, 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 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) Transactions which the company carries out with directors, significant shareholders or shareholders represented on the Board, or with related persons ("related party transactions").

The authorization of the Board shall not, however, be required for related party transactions that simultaneously meet the following three conditions:

- 1: They are conducted under contracts whose terms are standardized and apply en masse to many customers;
- 2: That they be carried out at prices or rates generally established by the supplier of the good or service in question;

3: The amount does not exceed 1% of the annual revenue of the Company.

It is recommended that the board approve related party transactions upon receipt of a favourable report from the audit committee or, where applicable, any other that may be assigned this duty, and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes.

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: D.1 and D.6

Complies ☒

Complies partially ☐

Explain ☐

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: C.1.2

Complies ☒

Explain ☐

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.3 and C.1.3.

Complies ☐

Complies partially ☒

Explain ☐

During almost the entire year 2014 the company has complied with the recommendation. With the entry into force of Law 31/2014, two independent directors lost their status. Consequently at year-end, nominee and independent directors represent exactly half of the Board.

11. 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: A.2, A.3 and C.1.3

Complies ☒

Explain ☐

12. That the number of independent directors represents at least one-third of the total number of directors.

See sub-paragraph: C.1.3

Complies ☐

Explain ☒

During almost all the year 2,014 the number of independent directors on the Board represented a higher percentage of recommended third.

Nevertheless, the entry into force of Law 31/2014, the directors Juan José Zornoza Perez and Eugenio Vela Sastre, carrying more than twelve consecutive years in office as independent directors, lost that status. Consequently, the percentage of independent directors on the Board of Directors went from 40% to 20% below the recommended third.

13. 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. And 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: C.1.3 and C.1.8

Complies ☒

Complies partially ☐

Explain ☐

14. When there are few or no female directors, the nominating committee should ensure that when new vacancies:

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: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Complies ☒

Complies partially ☐

Explain ☐

Not applicable ☐

15. 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-paragraphs: C.1.19 and C.1 41

Complies ☐

Complies partially ☒

Explain ☐

Sometimes, and caused by the large number of meetings held during 2014, the information was not sent to the directors in good time.

16. 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: C.1.22

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

17. 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 C.1.34

Complies ☒ Complies partially ☐ Explain ☐

18. That the board meet as often as necessary to perform its duties, following the schedule of dates and agendas set at the beginning of the year and each director to propose items on the agenda not initially planned.

See sub-paragraph C.1.29

Complies ☐ Complies partially ☒ Explain ☐

Given the difficult financial situation that the company went through during 2014, the Board decided not to establish a calendar of meetings and meet whenever circumstances so require.

Lastly, during the year 2014, 23 meetings of the Board were held, additionally resolutions were adopted in writing without a meeting.

19. See sub-paragraphs: B.1.28, and B.1.30

See sub-paragraphs: C.1.28, C.1.29 and C.1.30

Complies ☐ Complies partially ☒ Explain ☐

Non-attendance of directors at Board meetings in 2014 declined during those unavoidable cases and are duly quantified in this report.

However, the only occasions on which the absence of a director has been granted a proxy, it has been done without imparting instructions.

20. 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 ☒ Complies partially ☐ Explain ☐ Not applicable ☐

21. That the plenum of the Board evaluate the following once a year:

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-paragraphs: C.1.19 and C.1.20

Complies ☒ Complies partially ☐ Explain ☐

22. That all directors are able to exercise the right to request any additional information they require on matters within the competence of the board. And, unless the bylaws or board regulations indicate otherwise, such requests are addressed to the chairperson or secretary of the board.

See sub-paragraph: C.1.41

Complies ☒ Explain ☐

23. 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 C.1.40

Complies ☒ Explain ☐

24. That companies establish an orientation program that provides new directors with rapid and sufficient knowledge of the company and its corporate governance rules. Moreover, that the companies offer their directors programs for updating their knowledge when this is deemed advisable by the circumstances.

Complies ☒ Complies partially ☐ Explain ☐

25. 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: C.1.12, C.1.13 and C.1.17

Complies ☒

Complies partially ☐

Explain ☐

26. That the proposal for the appointment or renewal of directors submitted by the Board to the general meeting of shareholders, as well as provisional appointments by co-option, are 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 C.1.3

Complies ☒

Complies partially ☐

Explain ☐

27. 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 that they hold.

Complies ☒

Complies partially ☐

Explain ☐

28. 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 C.1.2

Complies ☒Complies partially ☐Explain ☐

29. 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 which prevent him from being classified as independent pursuant to Ministerial Order ECC/461/2013

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 11.

See sub-paragraphs: C.1.2, C.1.9, C.1.19 and C.1.27

Complies ☒Explain ☐

30. 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 213 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: C.1.42, C.1.43

Complies ☒Complies partially ☐Explain ☐

31. 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 ☒Complies partially ☐Explain ☐Not applicable ☐

32. 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: C.1.9

Complies ☐Complies partially ☐Explain ☐Not applicable ☒

33. 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.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

34. 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 ☒ Explain ☐ Not applicable ☐

35. 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.

Complies ☐ Explain ☐ Not applicable ☒

36. That in cases of variable compensation, compensation policies incorporate limits and 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.

Complies ☐ Explain ☐ Not applicable ☒

37. 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: C.2.1 and C.2.6

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

38. 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.

Complies ☐ Explain ☐ Not applicable ☒

39. 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 appoints the members of these committees, based on the knowledge, skills and experience of the Directors and the responsibilities of each committee;**

deliberates on their proposals and reports; and Committees must give account to the Board, in the first plenary session following their meetings, on their activities and the work performed;

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: C.2.1 and C.2.4

Complies ☒

Complies partially ☐

Explain ☐

40. 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.

See sub-paragraphs: C.2.3 and C.2.4

Complies ☐

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 Department 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.

41. 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 ☒

Explain ☐

42. 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.

See sub-paragraph: C.2.3

Complies ☒

Explain ☐

43. 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 ☒

Complies partially ☐

Explain ☐

44. 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-paragraph: E

Complies ☐

Complies partially ☒

Explain ☐

The Risk Control and Management Policy of Codere, S.A. identifies the points contained in paragraphs a) and b), leaving it up to the Business Units in charge to establish the measures required to mitigate the impact of risk materialization, as well as to establish the internal control and information systems which allow for the evaluation and periodical communication, at least annually, of the results of the risk control and management monitoring process. Moreover, the Group has established additional monthly information and reporting systems making it possible to learn of, evaluate and reach conclusions regarding contingent liabilities and risks both on and off balance sheet.

45. That the audit committee be entrusted to do the following:

1. In relation to the information and internal control systems:

- a) That the main risks identified as a result of monitoring the effectiveness of internal control of the company and the internal audit function, if any, are managed and properly disclosed.
- b) See to it that the internal audit function is run independently and efficiently; propose the selection, appointment, re-election 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;
- c) 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.

2. In relation to the external auditor:

- a) 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.
- b) 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;

iii) That in the event that the auditor should choose to resign, the Committee examine the reasons why.

See sub-paragraphs: C.1.36, C.2.3, C.2.4 and E.2

Complies ☐

Complies partially ☒

Explain ☐

With respect to sub-paragraph 1.c, 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.

46. 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 ☒

Explain ☐

47. 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, except where their scrutiny has been entrusted to another committee of the supervisory and control operations.

See sub-paragraphs: C.2.3 and C.2.4

Complies ☒

Complies partially ☐

Explain ☐

48. That the Board of Directors endeavour 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: C.1.38

Complies ☒

Complies partially ☐

Explain ☐

49. 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: C.2.1

Complies ☐Explain ☒Not applicable ☐

During almost all the year 2014 the independent directors represented a majority on the Corporate Governance COmmittee.

Nevertheless, the entry into force of Law 31/2014, the directors Juan José Zornoza Perez and Eugenio Vela Sastre, carrying more than twelve consecutive years in office as independent directors, lost that status. Consequently, at year end there was no majority of independent directors in the composition of the Corporate Governance Committee.

50. 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 chairman 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 on the appointments and dismissals of senior management proposed by the chief executive to the Board.
- d) Inform the Board of the diverse matters indicated in Recommendation 14 of this Code.

See sub-paragraph: C.2.4

Complies ☐Complies partially ☒Explain ☐Not applicable ☐

The function established under paragraph b) of this recommendation is not expressly attributed to the Corporate Governance Committee in the internal regulations of the Company; however, in recent years this Committee has taken on this function and has worked on it.

51. 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 ☒Complies partially ☐Explain ☐Not applicable ☐

52. 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: C.2.4

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

53. That the Compensation Committee consult with the company chairperson and CEO, especially in regard to matters concerning executive directors and senior management.

Complies ☒ Explain ☐ Not applicable ☐

H OTHER INFORMATION OF INTEREST

1. If you consider that there is any principle or relevant aspect regarding the corporate governance practices applied by your company which has not been dealt with in the present Report, but that more complete and reasoned information is necessary regarding the structure and governance practices of your company and/or group, mention this below and briefly explain what it consists of.
2. Any information, clarification or nuance related to the preceding sections of this report may also be included in this section.

Specifically, indicate whether or not the company is subject to any legislation other than Spanish legislation in matters of corporate governance and, if applicable, include any information which it is required to provide which differs from the information called for in this report.

3. The company may also indicate whether voluntarily acceded to other ethical principles or codes of good practice, international, sectoral or other authorities. In such a case, the code in question and the date of application should be identified.

Regarding sub-paragraph A.3., it should be noted that in the context of a reorganization of family wealth, on 22 December 2014 Ms. Encarnación Martínez Sampedro acquired shares in Mabloem Ontwikkeling BV (sole shareholder of Masampe Holding BV) thereby holding 55% of the share capital, with the remaining 45% owned by Mr. José Antonio Martínez Sampedro. On the same date Ms. Encarnación Martínez and José Antonio Martínez signed an irrevocable power of attorney (in that the equity interest of Ms. Encarnación Martínez equalled more than 50% of the share capital of Mabloem Ontwikkeling BV) pursuant to which Mr. José Antonio Martínez Sampedro would be able to freely and permanently, and in the absence of specific instructions, exercise the voting rights held by Ms. Encarnación Martínez in Mabloem Ontwikkeling BV

Regarding sub-paragraph A.10. it should be noted that during the Lock up period we have issued the significant events statement numbers 211.103 and 211.116, informing that certain shareholders have promised and agreed with the representatives of the bondholders not to sell the shares held thereby to third parties during the term of the said lock up agreement.

Regarding sub-paragraph C.1.2. please note that the date of first appointment of Mr. Joseph Zappala reported on 20/11/2002, corresponds to the first occasion he was appointed Director of Codere S.A. However, on 31 August 2004 Mr. Zappala resigned from his position as Director, and was not re-appointed Director until 21 June 2005. Since then he has been a Director of Codere SA continuously.

Regarding sub-paragraph C.1.15. note that the amount referred includes the remuneration received by the Directors José Antonio Martínez, Ms. Encarnación Martínez and Javier Martínez, for the performance of their duties.

Regarding sub-paragraph C.1.18 note that the Board of Directors, agreed to amend Rules of Procedure of the Board of Directors to adapt them to Law 31/2014. This effort concluded in 2014

Regarding sub-paragraph C.1.22, it should be noted that the Board of Directors, completed in 2014, agreed that the Independent Director Mr. Juan Junquera Temprano would act as the coordinating officer, authorized to call meetings of the Board and the inclusion of new items on the agenda, inter alia.

In relation to sub-paragraph C.1.27, 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. The Rules of Procedure of the Board of Directors was modified on 22 January 2015 in order to adapt to Law 31/2014, and among other things include the impossibility of any director that has been in office for 12 consecutive years being considered an independent director.

Regarding sub-paragraph C.1.29, indicate that on an additional occasion (13 October 2014) to the 23 meetings, the Board adopted resolutions in writing without a meeting.

Regarding sub-paragraph C.1.45, it should be noted that the value of the compensation of the four contracts listed in the answer to this question, if applicable, at 31 December 2014 totals 1.08 million euros. It should also be pointed out that although the Rules of Procedure of the Board of Directors reserves for the plenum of the Board the power to resolve in regard to Senior Management indemnity clauses and the contract terms of Executive Directors, of the four beneficiaries of guarantee or golden parachute clauses indicated in the reply to this question, three were not authorized by the Board of Directors, given that their contracts were entered into prior to the date on which the Rules of Procedure of the Board of Directors came into effect, whereas the fourth was duly authorized during the year 2011.

In relation to sub-paragraph C.2.1., note that in order to comply with the legally enforceable composition of the Audit Committee in accordance with Law 31/2014, at the meeting of the Board held on 22 January 2015, it was agreed to appoint the independent director Mr. Juan Junquera Temprano as a member of the Audit Committee to meet a minimum of two independent directors that must exist in this committee. Nevertheless, until 24 December 2014 the composition of the Audit Committee has complied with that legally established.

Additionally, in relation to sub-paragraph C.2.1, article 15 of the Rules of Procedure of the Board of Directors of Codere S.A. establishes that when the Chairman of the Compliance Committee is not an Independent Director the reasons for said circumstance must be indicated in the Corporate Governance Annual Report. In this respect, the Chairman of the Compliance Committee, Mr. José Ignacio Cases Méndez is a Nominee Director, with his appointment as Chairman of said Committee owing to his experience and knowledge gathered when he was Secretary General of the Gaming Commission of the Spanish Ministry of the Interior, and as Full Professor of Political Science at the Carlos III University in Madrid, consequently making him one of the most highly informed persons in the matter.

With respect to sub-paragraph C.2.3, the function of establishing and supervising a mechanism to allow employees to communicate confidentially, and if deemed appropriate, anonymously, any potentially significant irregularities, especially those of a financial or accounting nature, detected within the Company, corresponds to the Compliance Committee, in accordance with article 15 of the Rules of Procedure of the Board of Directors.

Regarding sub-paragraph D.2., please note that as the markets were duly informed on 23 September 2014 that the company Codere S.A. had signed a Lock-up Agreement, in order to restructure the capital and debt of the Codere Group with different entities and individuals, including José Antonio Martínez Sampedro. For more detailed information on the content of this agreement, please consult the significant event sent to the CNMV on the same date as well as the annual report of the company.

In sub-paragraph D.3 regarding the detail of the relevant transactions between the company or companies of its group and directors or senior managers of the company, we point out with reference to the Director Mr. José Ramón Romero Rodríguez, a contractual relation of service provision in the amount mentioned, although the service is provided by the law firm Despacho Loyra SCP Abogados, of which said Director is Managing Partner.

Regarding sub-paragraph the D.5., note that the reported balance of transactions with other related parties, includes a receivable from the company Promobowling S.A., that, given the situation of bankruptcy the debtor, has been duly provisioned.

In relation to sub-paragraph D.6, please note that in the Board meeting of 23 September 2014 the Directors Mr. José Antonio Martínez Sampedro, Ms. Encarnación Martínez Sampedro and Mr. Luis Javier Martínez Sampedro reported feeling a conflict of interest with the Company in relation to the second item on the agenda of the session on the signing of an Lock-Up agreement, so they abstained from participating in the deliberations and voting on the decision on the operation regarding the restructuring and signing of the Lock-Up Agreement.

Lastly, in relation to the section E.6., we felt it is necessary to report the following points:

The CODERE Compliance Policy Implementation processes and summary of relevant activities.

The CODERE Compliance Policy

Codere has taken as a standard of compliance the framework established by the Basel Committee in 2004 and the FATF Recommendations of February 2012 (International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation), as well as European Commission Directive 2005/60/EC and regulations in development thereof. Similarly, given that the Parent company of the Codere Group is domiciled in Spain and operates subsidiaries in all geographic areas by applying the Spanish legislation on the matter, as amended and updated recently with the enactment of Royal Decree 304/2014, of 5 May, the Regulation implementing Law 10/2010 of 28 April, on Prevention of Money Laundering and TF, as a minimum standard to be respected and included in the Global Compliance Plan that guarantees its operation.

Consequently, Codere has integrally taken on the latest and most ample version 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, therefore, with a risk-oriented focus to increase the effectiveness of the measures applied, 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 labour norms wherever it carries out its activity.

In order to guarantee the proper functioning and operation of the Compliance Department, both its corporate duties and the Local Compliance Officers are audited annually by both the Internal Audit Department and by the corresponding External Audit. Additionally, all tasks involving the prevention of money laundering and terrorist financing must annually pass an External Expert Review imposed by Spanish legislation.

Accordingly, the Compliance Policy evidences the special commitment of Codere to the laws against fraud and money laundering, as well as to the values of honesty and integrity in corporate business practices and compliance with the internal code of conduct, all of which takes shape in the following strategic objectives:

- Establish the activities and mechanisms needed to implement a conscious Culture of Compliance throughout the Company as an indispensable tool to help reach and maintain the level of excellence that CODERE aspires to.
- Cooperate in identifying and establishing the strictest standards of ethical conduct and applicable law in the carrying out of Codere business activities.
- Achieve the proactive participation of all executives and employees in Codere's Compliance policies in the various activities and geographical areas in which the company operates, setting minimum coordination mechanisms and requirements among the various agents.
- Identify, evaluate and control the main Compliance risks, defined as those which can result in legal sanctions, material financial loss or loss of reputation as a result of possible violations of the laws, regulations and self-regulatory standards of the company or of the codes of conduct applicable to Codere's business activities.

CODERE Compliance Policy execution processes.

During 2014 we continued to develop and/or improve the following processes and actions by Local and Corporate Compliance:

- Standardization of the International and National Policy on Prevention of Money Laundering in Codere SA, especially the National, where new requirements are demanded in the recent Regulation on Prevention of Money Laundering and Terrorist Financing, approved by Royal Decree 304/2014, of 5 May, implementing Law 10/2010 of 28 April.
- Updating of the manual on the Prevention of Money Laundering and Terrorist Financing, both Corporate as well as the various Business Units to adapt to the latest national and local legislation
- Dissemination and personal acceptance by employees of the Code of Ethics and Conduct of the CODERE Group in all geographic areas in which it operates, as evidence of the use of best business practices and Corporate Social Responsibility in Codere, S.A.
- Finalize the implementation of the Whistleblower Channel/Ethics Channels in all of the Business Units having direct Local Compliance and global management of Corporate Compliance and the Compliance Committee
- Widespread training actions in the Prevention of Money Laundering and Terrorist Financing for key corporate and Business Unit Directors, Managers and employees.
- Identification of customers in accordance with express local legislation, as well as systematic or suspicious transactions that may occur at the corresponding FIU / SEPBLAC reports.
- Classification and/or special examination of certain transactions on Risk, which vary depending on the type of business/activity, products and customers.
- Conservation of documents with the guarantees and legal deadlines for each area.
- Collaboration with the Executive Service of the Commission for the Prevention of Money Laundering and Terrorism Financing or Local FIU units.
- Abstention in the execution of irregular operations or malpractice, forming part of the Compliance function for all contracting processes of the business units.
- Duty to ensure confidentiality of all communications on Third Parties and Customers.
- Requirement of Due Diligence and internal control measures of permanent evaluation of Third Party Risks and Clients, as well as of Directors and Employees.
- Specialized local compliance bodies (minimum Certified ACAMS U.S.), due to the internal control, communication to Authorities and exceptional ability for appropriate training of employees in AML/TF.

- With regard to branches and subsidiaries abroad, Codere with its Spanish headquarters, adopts policies to prevent money laundering and terrorist financing applicable to the whole group, aimed at fulfilling the provisions of Royal Decree 304/2014, of 5 May, which approved the regulations implementing Law 10/2010 of 28 April, on the prevention of money laundering and terrorist financing. The procedures are set at group level to apply to all branches, subsidiaries and/or affiliates, who also in cases where more demanding local regulations, policies and procedures that those of the Group exist, are adapted to the requirements in the specific country.

Summary of relevant Compliance Activities in the CODERE Group in 2014.

Below we have included a summary of the activities of the Prevention of Money Laundering (AML) and Know Your Customer (KYC) and AML training of employees and executives and control of customers and suspicious transactions and impulse-control on the Code of Ethics and Conduct carried out in 2014.

- There were 4,618 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.

- 630 Internal Control Due Diligence were conducted with CODERE's own personnel.

- 3,466 employees were given Mandatory Training internally by the Compliance Departments of Spain, Argentina, Italy, Panama, Colombia, Uruguay and Mexico and by the online training in Argentina, Mexico and Colombia.

- 41,511 Prizes and Transactions were controlled and reported to the competent Authorities, using the identification and register required in each case

- 302 suspicious transaction have been reported to the various local FIU (SEPBLAC in Spain). This process has been carried out in full in all business units.

- 63 cases were reported/communicated to the Whistleblower Channel /Internal Investigation.

This Annual Corporate Governance Report was approved by the Board of Directors of the Company, at its meeting held on 26/02/2015

Indicate whether any Directors have voted against or have abstained from the approval of the present report.

Yes ☐

No ☒