



November 13, 2009

**CODERE, S.A.**  
**Results for the third quarter and nine months ended**  
**September 30, 2009**

*Highlights*

- Q3 2009 EBITDA was €2.3 million, above our guidance range of €4-€5 million.
- Q3 2009 EBITDA reflects continued growth in local currency in Argentina and Mexico, offset by weakness in Spain due primarily to the macroeconomic situation, by the impact of the H1N1 virus in Argentina and the depreciation of the Mexican and Argentine pesos against the euro, 22.2% and 19.7%, respectively. At a constant exchange rate, Q3 2009 EBITDA would have been €8.2 million, representing an increase of 0.9% over the comparable period in 2008.
- Revenues decreased by €42.8 million, or 15.8%, to €28.6 million in Q3 2009 from €71.4 million in Q3 2008.
- Growth in the machine portfolio was concentrated in Mexico where the number of machines increased by 1,661, or 8.5%, to 21,236 in Q3 2009. The total number of bingo halls increased by 7 in Mexico, resulting in a total of 142 halls at September 30, 2009. The number of sports betting shops increased by 102, resulting in a total of 179 at the end of the period, reflecting the build-out of the operations in Spain.
- Free cash flow (EBITDA less reported net interest, corporate income taxes and capex) increased by €7.1 million, from a loss of €17.9 million in Q3 2008 to a gain €9.2 million in Q3 2009.
- Net income increased by €3.9 million, or 79.6% from €4.9 million in Q3 2008, to €8.8 million in Q3 2009.
- At September 30, 2009 we had €4.6 million in cash and €4.9 million undrawn under the RCF.
- Capex was €1.7 million, which represents a decrease of 73.5% compared to Q3 2008 and 14.0% compared to Q2 2009.

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### ***Other highlights***

*Argentine licenses.* The *Instituto Provincial de Lotería y Casinos de la Provincia de Buenos Aires*, or “IPLYC” (the gaming regulator of the Province of Buenos Aires), resolved, and communicated on October 6, 2009 Resolution 75/09, which renews the La Plata license through June 30, 2021 in accordance with Decree 3198 and Resolution 456/06. Resolution 75/09 stipulates an up-front renewal fee of AR\$28 million and a canon tax surcharge of AR\$138 million (equivalent to €24.4 million as of November 12, 2009), accrued and payable in 60 monthly instalments starting November 1, 2009. As stipulated under Resolution 75/09, we have paid the AR\$28 million, plus an advance payment of 10 of the 60 monthly instalments, equivalent to AR\$23 million (equivalent to €4.0 million as of November 12, 2009).

With respect to our Puerto and San Martín halls, whose licenses originally expired in January and October 2009, respectively, we understand that the IPLYC is currently working on a regulatory framework which will govern the renewal of the halls whose original expiration falls after December 31, 2008 (the last date covered by Decree 3198). Nevertheless, we have sought and been granted administrative and judicial safeguards to continue to operate until the provincial government devices a new regulatory framework or extends the current in place beyond 2009.

*H1N1 flu impact in Argentina.* As previously reported, following the declaration of a state of emergency by Argentine health authorities, municipal authorities initiated, beginning on July 2nd, a number of measures intended to control contagion of the H1N1 virus, including the cancellation or limitation of public events and the closure of public venues, including gaming venues. In compliance with these measures, all fourteen halls which we operate in the Province of Buenos Aires were partially or totally closed to the public for heterogeneous periods between July 2nd and 17th, and three halls operated with capacity limitations through August 18. Most halls recovered to pre-crisis levels relatively rapidly upon reopening. We estimate that the EBITDA loss due to hall closures and reduced demand for this period was approximately €6.0 million which has been reflected in the Q3 2009 results.

*Argentine coinless systems update.* At September 30, 2009 we had completed the installation of TITO or other coinless systems in the majority of the machines in eight halls (Lomas del Mirador, San Martín, Lanús, Morón, San Justo, San Miguel, Lomas de Zamora and Ramos Mejía) representing a total of 74% of the machine seats. Following the renewal of the La Plata license we are also implementing the systems in that hall.

*Potential renegotiation of Caliente receivables.* Our management services agreement with Caliente has several components via which we get remunerated: (a) they pay us 50% of the profit before tax of the halls we manage. These payments are denominated in Mexican pesos and paid out of the profit of the halls, (b) we construct or refurbish the halls, and sell them to Caliente at cost upon completion for which Caliente repays us in monthly payments in US dollars over five years, and (c) we pay for equipment, including machines, and other costs (hall manager’s salaries and fees paid in connection with the use of machines, and others) on behalf of Caliente, and they reimburse us for these costs. Some of these costs, including certain of the machines and fees related to them, are denominated in US dollars. As a result of these concepts, and since the inception of the agreement, we have always reported significant accounts receivables from Caliente. At September 30, 2009, the total amount due from Caliente was approximately €0.8 million, out of which approximately €8.3 million is past due. Past due amounts have increased as a result of the crisis, and particularly the devaluation of the Mexican peso against the dollar. In response to this increase, in early 2009 we established several management initiatives to improve the profitability of the business (designed to alleviate the impact of the devaluation on dollarized costs) and a payment plan to bring Caliente current on the amounts due. Caliente’s ability to comply with this plan, however, was hampered by the impact of the N1H1 virus in Mexico and is now further aggravated by the implementation of the anti-smoking regulation at a federal level since August. As a result, and despite the fact that Caliente has paid us approximately €70 million since the beginning of the year, we are currently working with Caliente to develop solutions to the past due accounts and more generally, to restructure our agreement with them. Among the alternatives currently being discussed are the capitalization of the past due accounts in the form of the assignment to Codere of halls currently operated by Caliente, the assignment of hall permits to Codere, an equity participation by Codere in certain halls in operation, or a combination thereof.



*Hotel Carrasco bid.* On November 9, 2009, the Intendencia Municipal de Montevideo (IMM) awarded the Carrasco Nobile consortium the concession for the Hotel Casino Carrasco project. In addition to Codere, the consortium includes international investors (Global Partners and AGG) and Sofitel, the luxury brand of the French hotel group, Accor. The formal granting follows the announcement on January 15, 2009, that the partnership received the highest point total, as well as a review by the Tribunal de Cuentas. We view this as a very exciting opportunity to reform to a world-class standard, and then operate the emblematic Hotel Carrasco in Montevideo (Uruguay), together with a first class partner, under a 30 year concession. Codere's 50% share of the total investment in the project, approximately US\$30 million, will be contributed primarily in 2010 (approximately €8 million) and 2011.

*Ballesteros Litigation.* On September 23, 2009 the Madrid Provincial Court issued a judgement on our appeal sentencing Mr. José Ballesteros and his wife ("Ballesteros") to return to Codere €12.0 million plus interest accrued since the date of the sentence. Ballesteros did not appeal the sentence during the stipulated period, so the ruling is firm and we will begin the process of executing the guarantees. In parallel, we have submitted a cassation appeal to the Supreme Court requesting payment of interests accrued since October 2003, the date of the initial claim. (*For details on the litigation see Note 21 of our 2008 Annual Accounts*)

Any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

### Income Statement

The following table provides unaudited condensed consolidated income statement information for the three and nine months ended September 30, 2008 and 2009.

	Nine months ended September 30,			Three months ended September 30,		
	2008 <sup>1</sup>	2009	% change	2008 <sup>1</sup>	2009	% change
(€in millions, except percentages)						
<b>Income statement data:</b>						
Operating revenue <sup>2,3</sup> .....	775.1	721.2	(7.0%)	271.4	228.6	(15.8%)
Operating expenses:						
Consumption and other external expenses .....	70.2	51.0	(27.4%)	29.0	15.9	(45.2%)
Personnel expenses.....	129.3	130.8	1.2%	44.7	43.8	(2.0%)
Depreciation .....	51.1	52.4	2.5%	17.7	15.4	(13.0%)
Amortization of intangible assets .....	16.4	16.9	3.0%	6.0	5.7	(5.0%)
Variation in provisions for trade transactions .....	1.6	2.6	62.5%	0.7	0.8	14.3%
Other operating expenses:	398.4	382.1	(4.1%)	141.0	116.6	(17.3%)
Gaming and other taxes.....	240.0	234.3	(2.4%)	85.4	72.3	(15.3%)
Machine rentals .....	1.2	1.8	50.0%	0.4	1.0	150.0%
Other <sup>2,3</sup> .....	157.2	146.0	(7.1%)	55.2	43.3	(21.6%)
Total operating expenses <sup>2,3</sup> .....	667.0	635.8	(4.7%)	239.1	198.2	(17.1%)
Gains or losses on asset disposals <sup>2</sup> .....	2.2	(2.0)	n.a.	2.7	(1.0)	(137.0%)
Operating profit .....	110.3	83.4	(24.4%)	35.0	29.4	(16.0%)
Financial items:						
Financial expenses.....	55.4	57.1	3.1%	18.9	18.2	(3.7%)
Financial revenues.....	7.0	5.7	(18.6%)	2.1	1.8	(14.3%)
Exchange gains (losses), net.....	(2.5)	4.9	n.a.	1.6	1.1	(31.3%)
Profit before tax of continuing activities .....	59.4	36.9	(37.9%)	19.8	14.1	(28.8%)
Corporate income tax .....	38.4	31.9	(16.9%)	13.6	5.0	(63.2%)
Profit after tax of continuing activities .....	21.0	5.0	(76.2%)	6.2	9.1	46.8%
Net income (loss) of discontinued operations .....	(9.5)	-	n.a.	-	-	n.a.
Consolidated net income .....	11.5	5.0	(56.5%)	6.2	9.1	46.8%
Minority interests .....	5.9	1.9	(67.8%)	1.3	0.3	(76.9%)
Net income (loss).....	5.6	3.1	(44.6%)	4.9	8.8	79.6%
<i>Other financial data:</i>						
EBITDA <sup>4</sup> .....	177.2	157.3	(11.2%)	56.7	52.3	(7.8%)
<b>Discontinued operations<sup>5</sup>:</b>						
Operating revenue .....	7.0	-	n.a.	-	-	n.a.
Operating expenses.....	16.5	-	n.a.	-	-	n.a.
Operating profit .....	(9.5)	-	n.a.	-	-	n.a.
Net financial result .....	-	-	n.a.	-	-	n.a.
Profit before tax.....	(9.5)	-	n.a.	-	-	n.a.
Corporate income tax .....	-	-	n.a.	-	-	n.a.
Net income (loss) .....	(9.5)	-	n.a.	-	-	n.a.
<i>Other financial data:</i>						
EBITDA <sup>4</sup> .....	(1.9)	-	n.a.	-	-	n.a.

1. Results for the quarter and nine months ended September 30, 2008 differ from those previously reported because we show results from asset disposals as a separate line item (see #2).

2. Gains or losses on asset disposals are included as a separate line item in 2009 and 2008 and therefore excluded from revenues and operating expenses.

3. We have changed the way we reflect the gains and losses on foreign exchange currency contracts. This change affects both revenue and operating expenses (other). Beginning in 2009 gains and losses are reflected in revenues and therefore losses are no longer included in expenses. Under the current methodology, consolidated revenue and operating expenses for Q3 2008 would have been €270.3 million and €238.0 million, respectively, and consolidated revenue and operating expenses for the nine months ended September 30, 2008 would have been €773.8 million and €665.7 million, respectively.

4. We define EBITDA as operating profit plus depreciation and amortization plus variation in provisions for trade transactions plus impairment less the gains or losses on asset disposals.

5. Includes the results of the Italian direct AWP operations and Italian Sports Betting JV. These business units were sold in Q1 and Q2 2008, respectively.

### Operating Data

	At September 30,		
	2008	2009	% change
<b>AWP/Slot machine seats/EBTs</b>			
Spain .....	15,909	15,586	(2.0%)
Argentina .....	4,487	4,475	(0.3%)
Mexico.....	19,575	21,236	8.5%
Italy AWP.....	1,759	1,745	(0.8%)
Italy Bingos AWP .....	601	586	(2.5%)
Panama .....	1,410	1,570	11.3%
Colombia .....	8,639	7,026	(18.7%)
Uruguay .....	<u>1,529</u>	<u>1,541</u>	0.8%
<b>Total .....</b>	<b>53,909</b>	<b>53,765</b>	<b>(0.3%)</b>
<b>Bingo halls</b>			
Spain .....	1	1	
Argentina .....	14	14	
Mexico .....	102	109	
Italy .....	12	12	
Colombia .....	<u>6</u>	<u>6</u>	
<b>Total.....</b>	<b>135</b>	<b>142</b>	
<b>Off-track Betting Facilities</b>			
Mexico .....	47	46	
Brazil .....	3	4	
Panama.....	5	5	
Uruguay .....	6	6	
Spain.....	<u>16</u>	<u>118</u>	
<b>Total.....</b>	<b>77</b>	<b>179</b>	
<b>Casinos.....</b>	<b>5</b>	<b>7</b>	
<b>Horse Race Tracks .....</b>	<b>3</b>	<b>3</b>	

	Nine months ended September 30,			Three months ended September 30,		
	2008	2009	% change	2008	2009	% change
<b>Euros</b>						
<b>Average daily net win per machine/seat</b>						
Spain AWP.....	56.5	48.7	(13.8%)	52.5	46.3	(11.8%)
Argentina <sup>1</sup> .....	180.8	187.3	3.6%	200.8	166.0	(17.3%)
Mexico.....	55.6	50.8	(8.6%)	55.2	48.7	(11.7%)
Italy AWP.....	62.2	65.3	5.0%	60.4	65.7	8.7%
Italy Bingo AWP.....	91.5	91.1	(0.4%)	88.8	98.5	11.0%
<b>Local currency</b>						
Argentina <sup>1</sup> .....	854	949	11.2%	919	913	(0.6%)
Mexico.....	889	948	6.6%	855	924	8.0%

1. Net wins for Q3 and the nine months ended September 2009 are negatively affected by the hall closures in Q3 2009 due to the H1N1 virus.

## Results of Operations by Business

	Nine months ended September 30,			Three months ended September 30,		
	2008 <sup>1</sup>	2009	% change	2008 <sup>1</sup>	2009	% change
(€in millions, except percentages) (unaudited)						
<b>Operating Revenue:</b>						
Spain AWP .....	158.5	132.0	(16.7%)	51.4	43.0	(16.3%)
Argentina <sup>2</sup> .....	255.2	261.1	2.3%	94.8	77.7	(18.0%)
Mexico <sup>2</sup> .....	170.4	144.2	(15.4%)	59.7	47.9	(19.8%)
Other Operations:						
Spain Bingo .....	20.0	16.9	(15.5%)	5.9	5.4	(8.5%)
Spain Sports Betting .....	0.2	2.5	n.a.	0.1	1.1	n.a.
Italy AWP .....	35.1	30.9	(12.0%)	13.7	10.2	(25.5%)
Italy Bingo .....	71.1	66.6	(6.3%)	23.2	21.6	(6.9%)
Brazil .....	1.7	1.6	(5.9%)	0.6	0.7	16.7%
Colombia .....	21.0	16.6	(21.0%)	7.0	6.1	(12.9%)
Panama .....	32.0	37.3	16.6%	11.1	11.2	0.9%
Uruguay .....	9.0	11.2	24.4%	3.3	3.6	9.1%
Corporate Overhead .....	<u>0.9</u>	<u>0.3</u>	(66.7%)	<u>0.6</u>	<u>0.1</u>	(83.3%)
<b>Total .....</b>	<b>775.1</b>	<b>721.2</b>	<b>(7.0%)</b>	<b>271.4</b>	<b>228.6</b>	<b>(15.8%)</b>

	Nine months ended September 30,			Three months ended September 30,		
	2008 <sup>1</sup>	2009	% change	2008 <sup>1</sup>	2009	% change
(€in millions, except percentages) (unaudited)						
<b>EBITDA:</b>						
Spain AWP .....	52.2	32.5	(37.7%)	16.1	9.1	(43.5%)
Argentina .....	80.3	76.1	(5.2%)	28.6	20.9	(26.9%)
Mexico .....	52.0	47.0	(9.6%)	16.1	16.2	0.6%
Other Operations:						
Spain Bingo .....	1.0	0.5	(50.0%)	-	(0.1)	n.a.
Spain Sports Betting .....	(3.8)	(2.5)	n.a.	(1.6)	(0.6)	n.a.
Italy AWP .....	5.1	9.2	80.4%	1.1	7.8	n.a.
Italy Bingo .....	5.0	2.3	(54.0%)	1.2	0.5	(58.3%)
Brazil .....	(2.0)	0.2	n.a.	(0.7)	0.9	n.a.
Colombia .....	4.6	1.6	(65.2%)	1.1	1.1	0.0%
Panama .....	6.8	8.4	23.5%	2.5	2.3	(8.0%)
Uruguay .....	2.1	3.2	52.4%	0.9	1.1	22.2%
Corporate Overhead .....	<u>(26.1)</u>	<u>(21.2)</u>	n.a.	<u>(8.6)</u>	<u>(6.9)</u>	n.a.
<b>Total .....</b>	<b>177.2</b>	<b>157.3</b>	<b>(11.2%)</b>	<b>56.7</b>	<b>52.3</b>	<b>(7.8%)</b>

1. Results for the quarter and nine months ended September 30, 2008 differ from those previously reported because, we show results from asset disposals as a separate line item

2. We have changed the way we reflect the gains and losses on foreign exchange currency contracts. This change affects both revenue and operating expenses (other). Beginning in 2009 gains and losses are reflected in revenues and therefore losses are no longer included in expenses. Under the current methodology, revenues would have been €94.0 million and €9.4 for Q3 2008 and €254.2 million and €170.1 million for the nine months ended September 30, 2008 for Argentina and Mexico, respectively.

*Constant exchange rates.* The tables below show what revenue, EBITDA and net income would have been for the three and nine months ended September 30, 2009 at 2008 exchange rates for the comparable periods, adjusted in both periods to eliminate the gain or loss on the foreign exchange contracts.

	Nine months ended September 30,			Three months ended September 30,		
	2008 <sup>1</sup>	2009	% change	2008 <sup>1</sup>	2009	% change
(€in millions, except percentages) (unaudited)						
<b>Operating Revenue:</b>						
Spain <sup>2</sup> .....	178.7	151.4	(15.3%)	57.4	49.5	(13.8%)
Argentina .....	253.9	277.6	9.3%	94.8	92.8	(2.1%)
Mexico .....	169.5	165.2	(2.5%)	59.7	57.6	(3.5%)
Other Operations <sup>2</sup> :						
Italy <sup>3</sup> .....	106.2	97.5	(8.2%)	36.9	31.8	(13.8%)
Brazil .....	1.7	1.8	5.9%	0.6	0.8	33.3%
Colombia .....	21.0	17.8	(15.2%)	7.0	6.2	(11.4%)
Panama .....	32.0	33.3	4.1%	11.1	10.7	(3.6%)
Uruguay .....	9.0	11.7	30.0%	3.3	3.9	18.2%
Corporate Overhead .....	0.9	0.3	(66.7%)	0.6	0.1	(83.3%)
<b>Total.....</b>	<b>772.9</b>	<b>756.6</b>	<b>(2.1%)</b>	<b>271.4</b>	<b>253.4</b>	<b>(6.6%)</b>

	Nine months ended September 30,			Three months ended September 30,		
	2008 <sup>1</sup>	2009	% change	2008 <sup>1</sup>	2009	% change
(€in millions, except percentages) (unaudited)						
<b>EBITDA:</b>						
Spain <sup>2</sup> .....	49.4	30.5	(38.3%)	14.5	8.4	(42.1%)
Argentina .....	80.1	78.8	(1.6%)	29.4	24.2	(17.7%)
Mexico .....	51.4	51.7	0.6%	16.3	18.8	15.3%
Other Operations <sup>2</sup> :						
Italy <sup>3</sup> .....	10.1	11.5	13.9%	2.3	8.3	n.a.
Brazil .....	(2.0)	0.2	n.a.	(0.7)	1.0	n.a.
Colombia .....	4.6	1.6	(65.2%)	1.1	1.0	(9.1%)
Panama .....	6.8	7.6	11.8%	2.5	2.3	(8.0%)
Uruguay .....	2.1	3.3	57.1%	0.9	1.1	22.2%
Corporate Overhead .....	(26.1)	(21.2)	n.a.	(8.6)	(6.9)	n.a.
<b>Total.....</b>	<b>176.4</b>	<b>164.0</b>	<b>(7.0%)</b>	<b>57.7</b>	<b>58.2</b>	<b>0.9%</b>

	Nine months ended September 30,			Three months ended September 30,		
	2008 <sup>1</sup>	2009	% change	2008 <sup>1</sup>	2009	% change
(€in millions, except percentages) (unaudited)						
Net income .....	4.6	2.8	(39.1%)	6.1	11.5	88.5%

1. Results for the quarter and nine months ended September 30, 2008 differ from those previously reported because, we show results from asset disposals as a separate line item

2. Spain Bingo and Sports Betting are included in Spain, and thus excluded from Other Operations.

3. Includes Italy AWP and Italy Bingo

## Unaudited results for the nine months ended September 30, 2009

### *Operating Revenue*

Operating revenue decreased by €3.9 million, or 7.0%, to €21.2 million in the nine months ended September 30, 2009 from €75.1 million in the nine months ended September 30, 2008. The decrease was principally attributable to a decrease in Spain AWP (€6.5 million) principally derived from the decrease in the net win per day per AWP, in the portfolio installed, and in the number of machines sold to third parties; to a decrease in Mexico (€6.2 million) reflecting the depreciation of the Mexican peso, lower sales to Caliente and the impact of the H1N1 virus in Q2 2009; to a decrease in Italy Bingo (€4.5 million) as a result of the decrease in the number of bingo cards sold; and to Colombia (€4.4 million) due to the lower number of machines installed and to the depreciation of the Colombian peso against the euro. The decrease was partially offset by an increase in Argentina (€5.9 million), due to the increase in the net win per slot seat per day primarily as a result of the installation of the TITO and other coinless systems in halls that represent 74% of our machine portfolio in that country as of September 30, 2009 which partially mitigates the negative impact of the H1N1 virus in Q3 2009; in Panama (€3.3 million) reflecting the growth of the portfolio (including Casino Colon opened in December 2008) and the appreciation of the US dollar (the local currency) against the euro; and in Sports Betting (€2.3 million) due to the build-out of the business in Madrid and the Basque Region.

### *Operating Expenses*

Operating expenses decreased by €1.2 million, or 4.7%, to €35.8 million in the nine months ended September 30, 2009 from €67.0 million in the nine months ended September 30, 2008. The decrease was principally attributable to a decrease in costs in: Mexico (€3.0 million) due to the depreciation of the Mexican peso, the lower sales to Caliente and the decrease in commercial activity caused by the H1N1 virus in Q2 2009; Italy AWP (€8.6 million) due to a €5.9 million provision reversal in Codere Network recorded in Q3 2009 (*see Other relevant information*); Spain AWP (€6.0 million) primarily reflecting the decrease in the number of machines purchased for resale, the decrease in gaming taxes due to the lower number of machines which compensates the restructuring costs incurred in the period, and Colombia (€3.2 million) due to the reduction of the portfolio and the depreciation of the Colombian peso against the euro. This decrease was partly offset by the increase in costs in Argentina (€1.8 million) due to increased commercial activity and the impact of inflation, which more than compensate the effect of the devaluation of the Argentine peso against the euro; the increase in costs in Panama (€6.1 million) reflecting the growth of the portfolio and the appreciation of the US dollar against the euro; and the increase in costs in Sports Betting (€1.4 million) associated with the build-out of the operations in Madrid and in the Basque Region.

### *Gains or losses on asset disposals*

Results from asset disposals decreased from a gain of €2.2 million in the nine months ended September 30, 2008 to a loss of €2.0 million in the nine months ended September 30, 2009 primarily as a result of the absence of a €3.2 million gain related to the sale of the headquarters building in Colombia recorded in Q3 2008, and the higher rotation of the portfolio in Spain AWP in the nine months ended September 30, 2009 compared to the same period of 2008.

### *Operating Profit*

Operating profit decreased by €6.9 million, or 24.4% to €3.4 million in the nine months ended September 30, 2009 from €10.3 million in the nine months ended September 30, 2008. Operating margin decreased to 11.6% in the nine months ended September 30, 2009, from 14.2% in the same period of 2008.

### *EBITDA*

EBITDA decreased by €9.9 million, or 11.2%, to €57.3 million in the nine months ended September 30, 2009 from €77.2 million in the comparable period in 2008. The decrease in EBITDA was principally attributable to: Spain AWP (€9.7 million) reflecting the lower net win per day per AWP and a reduction in the number of machines installed; the decrease in Mexico (€5.0 million) due to the depreciation of the Mexican peso and the impact of the H1N1 virus in Q2 2009 and the decrease in Argentina (€4.2 million) due to the impact of the H1N1 virus in Q3 2009 and the depreciation of the



Argentine peso, mitigated in part by the increase in the net win per day as a result of the strong performance in periods not affected by the H1N1 virus. This decrease is partially offset by a reduction in the EBITDA loss at Corporate Overhead (€4.9 million) due to costs reductions; by an increase in Italy AWP (€4.1 million) due to a €5.9 million provision reversal in Codere Network recorded in Q3 2009 (*see Other relevant information*); and by an increase in Brazil (€2.2 million) primarily related to the €1.1 million non-recurrent gain recorded in Q3 2009 associated with the partial reversal of a provision following the renegotiation of agreements with the local jockey clubs. EBITDA margin decreased to 21.8% in the nine months ended September 30, 2009 compared to 22.9% in the same period of 2008.

#### ***Financial Revenues***

Financial revenues in the nine months ended September 30, 2009 decreased by €1.3 million, or 18.6%, to €5.7 million from €7.0 million in the comparable period in 2008. The decrease was principally attributable to lower aggregate cash levels.

#### ***Financial Expenses***

Financial expenses increased by €1.7 million, or 3.1%, to €7.1 million in the nine months ended September 30, 2009 from €5.4 million in the same period of 2008. The increase was principally attributable to the recording of a non-recurring charge of €2.5 million (with no impact on cash), associated with interest due on the compensation of fiscal credits relating to a long-standing claim in Spain AWP, partially compensated by lower debt outstanding at lower base interest rates under the Senior Credit Facility, and by lower debt levels in Colombia and Italy.

#### ***Corporate Income Tax***

Corporate income tax decreased by €6.5 million, or 16.9%, to €1.9 million in the nine months ended September 30, 2009, from €8.4 million in the comparable period in 2008 due primarily to a decrease in profit before tax in Spain and Panama and to an improvement of the fiscal position in Mexico following the restructuring of the corporate entities completed in December 2008. These effects were partially compensated by the increase in profit before taxes in Argentina.

#### ***Minority Interest***

Minority interest decreased by €4.0 million, or 67.8%, to €1.9 million in the nine months ended September 30, 2009 from €5.9 million in the same period of 2008. This decrease is primarily attributable to lower minority interest in Spain AWP (as a result of lower profits in that unit as well as the acquisition of minority partners in several subsidiaries) and the decrease in minority interests in Argentina following the acquisition of our principal minority shareholder in July 2008.

#### ***Net Income***

As a result of the foregoing, net income decreased by €2.5 million, or 44.6% to €3.1 million in the nine months ended September 30, 2009, from €5.6 million in the comparable period in 2008.

### Spain AWP

	Nine months ended September 30,		
	2008 <sup>1</sup>	2009	% change
	(€in millions, except percentages) (unaudited)		
Operating revenue .....	158.5	132.0	(16.7%)
Operating expenses:			
Consumption and other external expenses .....	12.9	6.6	(48.8%)
Personnel expenses.....	28.8	28.6	(0.7%)
Depreciation .....	11.5	11.5	0.0%
Amortization of intangible assets .....	10.4	10.9	4.8%
Variation in provisions for trade transactions .....	1.8	2.1	16.7%
Other operating expenses:	64.6	64.3	(0.5%)
Gaming and other taxes .....	47.2	46.1	(2.3%)
Rental of machines .....	0.1	0.7	n.a.
Others .....	<u>17.3</u>	<u>17.5</u>	1.2%
Total operating expenses .....	130.0	124.0	(4.6%)
Gains or losses on asset disposals.....	(0.8)	(1.1)	n.a.
Operating profit .....	27.7	6.9	(75.1%)
EBITDA .....	52.2	32.5	(37.7%)

1. As a result of the change in the way of reporting asset sales and disposals, results for the nine months ended September 30, 2008 differ from those previously reported.

*Operating Revenue* decreased by €6.5 million, or 16.7%, to €132.0 million in the nine months ended September 30, 2009 from €158.5 million in the same period of 2008, as a result of a decrease in the net win per day per AWP and in the number of machines installed, as well as in the number of machines sold to third parties. We had 15,586 AWP machines in operation in Spain as of September 30, 2009, compared to 15,909 as of September 30, 2008. In the nine months ended September 30, 2009, we entered into new contracts for the placement of 898 machines in bars, restaurants and other establishments. In the nine months ended September 30, 2009 contracts related to 1,069 machines expired or were otherwise terminated. The net win per day per AWP machine was €48.7 in the nine months ended September 30, 2009, compared to €56.5 in the same period of 2008. We believe that the decrease, while partly compensated by the continuous renewal and rotation of the machine portfolio and the positive effect from regulatory changes in small markets such as Asturias and Extremadura, resulted primarily from the macroeconomic slowdown in the country.

*Operating Expenses* decreased by €6.0 million, or 4.6%, to €124.0 million in the nine months ended September 30, 2009 from €130.0 million in the comparable period in 2008. The key changes in operating expenses were as follows:

- *Consumption and Other External Expenses* include payments to certain AWP operators with whom we enter into collaboration agreements, costs related to ancillary services provided to site owners and machines purchased for resale. Consumption and other external expenses decreased €6.3 million, or 48.8%, to €6.6 million in the nine months ended September 30, 2009 from €12.9 million in the comparable period in 2008 principally attributable to a decrease in the number of machines purchased for resale and to lower payments to operators due to the decrease in the net win per day per AWP machine.
- *Personnel Expenses* decreased €0.2 million, or 0.7% to €28.6 million in the nine months ended September 30, 2009 from €28.8 million in the same period of 2008 due to reductions in personnel. This decrease is partially offset by €1.8 million in restructuring costs.
- *Depreciation* was €1.5 million in the nine months ended September 30, 2009, the same as in the comparable period in 2008.

- *Amortization* increased by €0.5 million, or 4.8%, to €1.9 million in the nine months ended September 30, 2009 from €1.4 million in the same period of 2008, principally attributable to the increase in payments for the exclusivity rights from prior periods.
- *Variation in provisions for trade transactions* increased in €0.3 million, or 16.7%, to €2.1 million from 1.8 million in the same period of 2008.
- *Other Operating Expenses* decreased by €0.3 million, or 0.5% to €4.3 million in the nine months ended September 30, 2009 from €4.6 million in the same period of 2008. The decrease in gaming taxes as a result of the decrease in the number of machines installed was partially offset by increases in expenses related to the rental of machines and the restructuring of our machine resale division.

*Losses on asset disposals* increased from €0.8 million in the nine months ended September 30, 2008 to €1.1 million in the comparable period in 2009 primarily as a result of an increase in machine disposals as we renew the portfolio.

*Operating Profit* decreased by €0.8 million, or 75.1%, to €6.9 million in the nine months ended September 30, 2009 from €27.7 million in the same period of 2008. Operating margin was 5.2% in the nine months ended September 30, 2009 compared to 17.5% in the comparable period in 2008.

*EBITDA* decreased by €9.7 million, or 37.7%, to €32.5 million in the nine months ended September 30, 2009 from €52.2 million in the same period of 2008. EBITDA margin decreased to 24.6% in the nine months ended September 30, 2009 from 32.9% in the comparable period in 2008.

#### Argentina

	Nine months ended September 30,		
	2008	2009	% change
	(€in millions, except percentages) (unaudited)		
Operating revenue <sup>1</sup> .....	255.2	261.1	2.3%
Operating expenses:			
Consumption and other external expenses .....	5.4	5.0	(7.4%)
Personnel expenses .....	33.7	38.6	14.5%
Depreciation .....	7.9	9.6	21.5%
Amortization of intangible assets .....	1.3	1.3	0.0%
Other operating expenses:	135.8	141.4	4.1%
Gaming and other taxes .....	107.6	109.6	1.9%
Rental of machines .....	-	0.1	n.a.
Others <sup>1</sup> .....	<u>28.2</u>	<u>31.7</u>	12.4%
Total operating expenses <sup>1</sup> .....	184.1	195.9	6.4%
Operating profit .....	71.1	65.2	(8.3%)
EBITDA .....	80.3	76.1	(5.2%)

1. We have changed the way we reflect the gains and losses on foreign exchange currency contracts. This change affects both revenue and operating expenses (other). Beginning in 2009 gains and losses are reflected in revenues and therefore losses are no longer included in expenses. Under the current methodology, revenue and operating expenses would have been €54.2 million and €83.1 million, respectively for nine months ended September 30, 2008.

*Operating Revenue* in Argentina principally comprises revenue collected from slot machines located in our bingo halls after prize payouts and from sales of bingo cards after prize payouts. It also reflects gains or losses from Argentine peso forward foreign exchange contracts which mature during the period. Operating revenue increased by €9.9 million, or 2.3%, to €261.1 million in the nine months ended September 30, 2009 from €255.2 million in the comparable period in 2008, which was principally attributable to an increase in the net win per slot seat per day primarily as a result of the installation of the TITO and other coinless systems. Revenues in the nine months ended September 30, 2009 were nonetheless negatively affected by the appreciation of the euro against the Argentine peso in the period and by the impact of the N1H1 virus in Q3

2009. At a constant exchange rate, and excluding the gains and losses on the foreign exchange contracts, revenues would have been €277.6 million in the nine months ended September 30, 2009, representing an increase of 9.3% compared to the same period of 2008. Gains on the contracts which matured during the period were €2.3 million, compared to €0.3 million in the nine months ended September 30, 2008.

*Operating expenses* increased by €1.8 million, or 6.4%, to €95.9 million in the nine months ended September 30, 2009 from €84.1 million in the comparable period in 2008. The key changes in operating expenses were as follows:

- *Consumption and Other External Expenses*, which principally include food and beverage cost of sales, decreased by €0.4 million, or 7.4%, to €5.0 million in the nine months ended September 30, 2009 from €5.4 million in the same period of 2008, resulting from the depreciation of the Argentine peso and to savings in cost of goods sold resulting from improved efficiencies in the business.
- *Personnel Expenses* increased by €4.9 million, or 14.5%, to €38.6 million in the nine months ended September 30, 2009 from €33.7 million in the nine months ended September 30, 2008 due principally to increases in payroll, resulting from inflation, as well as personnel increases.
- *Depreciation* increased by €1.7 million, or 21.5%, to €9.6 million in the nine months ended September 30, 2009 from €7.9 million in the comparable period in 2008 due to investment in halls and the implementation of TITO and other coinless systems.
- *Amortization* in the nine months ended September 30, 2009 was €1.3 million, the same as in the comparable period of 2008
- *Other Operating Expenses*, which include gaming and other taxes, marketing expenses, and payments to the non-profit organizations that nominally hold the licenses to operate the bingo halls, increased by €5.6 million, or 4.1%, to €141.4 million in the nine months ended September 30, 2009 from €135.8 million in the comparable period in 2008. The increase is principally attributable to higher gaming and other taxes associated with the increase of commercial activity as well as tax increases (provincial gross revenue tax increased in August 2008). This increase was partially offset by the decrease in activity in Q3 2009 due to the H1N1 virus.

*Operating Profit* decreased by €5.9 million, or 8.3% to €55.2 million in the nine months ended September 30, 2009 from €61.1 million in the nine months ended September 30, 2008. Operating margin decreased to 25.0% in the nine months ended September 30, 2009 from 27.9% in the same period of 2008.

*EBITDA* decreased by €4.2 million, or 5.2%, to €76.1 million in the nine months ended September 30, 2009 from €80.3 million in the comparable period in 2008. The decrease is principally attributable to the appreciation of the euro against the Argentine peso and to the decrease in the activity in Q3 2009 due to the H1N1 virus. At a constant exchange rate (and adjusted to eliminate the gains and losses on the foreign currency contract) EBITDA would have been €78.8 million in the nine months ended September 30, 2009, representing a decrease of 1.6% compared to the same period of 2008. EBITDA margin decreased to 29.1% in the nine months ended September 30, 2009 from 31.5% in the comparable period in 2008.

## Mexico

	Nine months ended September 30,		
	2008	2009	% change
	(€in millions, except percentages) (unaudited)		
Operating revenue <sup>1</sup> .....	170.4	144.2	(15.4%)
<i>Of which sales to Caliente</i> .....	17.1	7.4	(56.7%)
Operating expenses			
Consumption and other external expenses .....	48.3	34.8	(28.0%)
<i>Of which sales to Caliente</i> .....	20.4	8.9	(56.5%)
Personnel expenses .....	15.2	13.0	(14.5%)
Depreciation .....	13.8	13.1	(5.1%)
Amortization of intangible assets .....	2.9	2.1	(27.6%)
Variation in provisions for trade transactions .....	0.3	-	(100.0%)
Other operating expenses	54.9	49.4	(10.0%)
Gaming and other taxes .....	12.0	8.7	(27.5%)
Machine rentals .....	0.9	0.9	0.0%
Others <sup>1</sup> .....	42.0	39.8	(5.2%)
Total operating expenses <sup>1</sup> .....	135.4	112.4	(17.0%)
Gains or losses on asset disposals .....	-	(0.1)	n.a.
Operating profit .....	35.0	31.7	(9.4%)
EBITDA .....	52.0	47.0	(9.6%)

1. We have changed the way we reflect the gains and losses on foreign exchange currency contracts. This change affects both revenue and operating expenses (other). Beginning in 2009 gains and losses are reflected in revenues and therefore losses are no longer included in expenses. Under the current methodology, revenue and operating expenses would have been €170.1 million and €135.1 million, respectively for nine months ended September 30, 2008.

*Operating Revenue* includes our participation in the operating companies of ICELA (our joint venture with CIE), and the directly-owned licensees (Promojuegos and Mio Games), as well as revenue from our bingo hall management services agreement with Caliente. We proportionally consolidate our 49% stake in ICELA, and we consolidate 100% of Promojuegos and Mio Games. Our operating revenue under the management services agreement with Caliente is equivalent to 50% of the profit before tax of the bingo halls we manage. Mexico operating revenue also includes sales to Caliente of gaming halls, improvements, and equipment including machines, as well as reimbursement of costs incurred on Caliente's behalf, such as bingo hall managers' salaries and fees paid in connection with the use of machines. It also includes gains and losses from the Mexican peso forward exchange contracts which mature during the period.

Operating revenue decreased by €26.2 million, or 15.4%, to €144.2 million in the nine months ended September 30, 2009 from €170.4 million in the comparable period in 2008 reflecting principally: the depreciation the Mexican peso, a decrease in sales to Caliente and the impact of the H1N1 virus in Q2 2009. At a constant exchange rate, and excluding the gains and losses on the foreign exchange contracts, revenues would have been €165.2 million in the nine months ended September 30, 2009, representing a decrease of 2.5% compared to the nine months ended September 30, 2008. Gains on the contracts which matured during the period were €2.7 million, compared to €0.6 million in the comparable period of 2008.

*Operating expenses* decreased by €23.0 million, or 17.0%, to €112.4 million in the nine months ended September 30, 2009 from €135.4 million in the same period of 2008. The key changes in operating expenses were as follows:

- *Consumption and Other External Expenses*, which include the cost of building out and equipping the bingo halls sold to Caliente, fees paid in connection with the use of machines, expenses primarily in connection with the roll-out of the machines, and personnel costs related to the salaries of bingo hall managers whom we provide for Caliente's bingo halls as well as food and beverages cost of sales for ICELA and Promojuegos and Mio Games, decreased by €13.5 million, or 28.0%, to €34.8 million in the nine months ended September

30, 2009 from €48.3 million in the comparable period in 2008, due primarily to the decrease in sales to Caliente and to the depreciation of the Mexican peso.

- *Personnel Expenses* decreased by €2.2 million, or 14.5% to €3.0 million in the nine months ended September 30, 2009 from €15.2 million in the same period of 2008 primarily due to the depreciation of the Mexican peso and to lower activity associated with the H1N1 virus in Q2 2009, partially mitigated by €0.4 million of restructuring costs recorded in ICELA in the period.
- *Depreciation*, which includes the investment in halls operated by ICELA, Promojuegos and Mio Games as well as the racetrack and the convention center and the financial leases associated with the IGT machines, decreased €0.7 million, or 5.1% to €3.1 million in the nine months ended September 30, 2009 from €3.8 million in the nine months ended September 30, 2008. The decrease is primarily due to the depreciation of the Mexican peso, partially offset by the investments made to increase the installed capacity in the ICELA businesses.
- *Amortization*, which primarily includes the amortization of the licenses for the ICELA halls, decreased €0.8 million, or 27.6%, to €2.1 million in the nine months ended September 30, 2009 compared to €2.9 million in the same period of 2008, primarily due to the depreciation of the Mexican peso.
- *Other Operating Expenses* decreased by €5.5 million, or 10.0% to €9.4 million in the nine months ended September 30, 2009 from €4.9 million in the comparable period in 2008 principally due to the depreciation of the Mexican peso and the decrease in operating expenses associated with the impact of the H1N1 virus in Q2 2009. The decrease was partially offset by the increase in commercial expenses and by a non-recurring payment of €0.6 million in Q1 2009 associated with taxes related to the Las Americas race-track concession corresponding to previous periods.

*Losses on asset disposals* were €0.1 million in the nine months ended September 30, 2009 compared to nil in the same period of 2008.

*Operating Profit* decreased by €3.3 million, or 9.4% to €1.7 million in the nine months ended September 30, 2009 from €5.0 million in the nine months ended September 30, 2008. Operating margin increased to 22.0% in the nine months ended September 30, 2009 from 20.5% in the same period of 2008.

*EBITDA* decreased €5.0 million, or 9.6%, to €7.0 million in the nine months ended September 30, 2009 from €2.0 million in the comparable period of 2008. EBITDA was also affected by the lower activity associated with the H1N1 virus in Q2 2009 and by depreciation of the Mexican peso. At a constant exchange rate (and adjusted to eliminate the gains on the foreign currency contracts) EBITDA would have been €1.7 million in the nine months ended September 30, 2009, an increase of 0.6% compared to the same period of 2008. EBITDA margin was 32.6% in the nine months ended September 30, 2009 compared to 30.5% in the nine months ended September 30, 2008.

### Other Operations

Other operations includes the results of our operations in Panama, Uruguay, Italy AWP (indirect and network), Italy Bingo, Colombia, Brazil, Spain Bingo and Spain Sports Betting, but excludes Corporate Overhead.

*Operating revenue* decreased by €5.5 million, or 3.4%, to €83.6 million in the nine months ended September 30, 2009 from €90.1 million in the comparable period in 2008. This was principally attributable to the decrease in: Italy Bingo (€4.5 million) primarily as a result of the decrease in the number of bingo cards sold; Colombia (€4.4 million) due primarily to the lower number of machines installed and to the depreciation of the Colombian peso against the euro; Italy AWP (€4.2 million) due to the absence of a €4.5 million provision reversal recorded in Q2 2008; and the decrease in Spain Bingo (€3.1 million) as a result of a decrease in the number of visitors and in the number of bingo cards sold per visit. This decrease was partly offset by: Panama (€3.3 million) reflecting the growth of the portfolio (including Casino Colon opened in December 2008) and the appreciation of the US dollar (local currency) against the euro; Spain Sports Betting (€2.3 million) associated with progressive build-out of the operations in Madrid (starting in Q2 2008) and in the Basque Region (starting in Q4 2008); and Uruguay (€2.2 million) due to an increase in the net win per slot per day as well as an increase in amounts wagered at the racetrack.

*Operating Expenses* decreased by €0.3 million, or 5.4%, to €80.1 million in the nine months ended September 30, 2009 from €90.4 million in the comparable period in 2008. This decrease is mainly attributable to: Italy AWP (€3.6 million) due to the €5.9 million provision reversal in Codere Network recorded in Q3 2009 (see *Other relevant information*) as well as cost reduction initiatives; Colombia (€3.2 million) due to the reduction in the installed capacity and the depreciation of the Colombian peso against the euro; Brazil (€2.6 million) primarily related to the €1.1 million non-recurrent gain recorded in Q3 2009 associated with the partial reversal of a provision following the renegotiation of agreements with the local jockey clubs, and Spain Bingo (€2.5 million) due to the lower activity despite €0.3 million in restructuring costs recorded in Q3 2009. This decrease is partly offset by increased costs in: Panama (€6.1 million) reflecting the growth of the portfolio and the appreciation of the US dollar against the euro; Sports Betting Spain (€1.4 million) associated with the build-out of the operations in Madrid and the Basque Region, and Uruguay (€0.5 million) associated with the increase in commercial activity.

*Losses on asset disposals* were €0.8 million in the nine months ended September 30, 2009 compared to a gain of €2.9 million in the same period of 2008, mainly as a result of the absence of a €3.2 million gain associated with the sale of the Colombian headquarters recorded in Q3 2008.

*Operating profit* was €2.7 million in the nine months ended September 30, 2009 the same as in the nine months ended September 30, 2008.

*EBITDA* increased by €4.1 million, or 21.8%, to €22.9 million in the nine months ended September 30, 2009 from €18.8 million in the comparable period in 2008.

## Unaudited results for the quarter ended September 30, 2009

### *Operating Revenue*

Operating revenue decreased by €42.8 million, or 15.8%, to €28.6 million in Q3 2009 from €71.4 million in Q3 2008. The decrease was principally attributable to: Argentina (€17.1 million) due to the impact of the H1N1 virus and the depreciation of the Argentine peso; Mexico (€1.8 million) due to the lower sales to Caliente and the depreciation of the Mexican peso; and Spain AWP (€8.4 million) principally derived from the decrease in the net win per day per AWP, in the portfolio installed, and in the number of machines sold to third parties. The decrease is partly offset by the increase in: Sports Betting Spain (€1.0 million) due to the progressive build-out of the operations in Madrid (starting in Q2 2008) and the Basque Region (starting in Q4 2008); Uruguay (€0.3 million) due to the increase in the net win per day; and Panama (€0.1 million) primarily due to the appreciation of the US dollar (the local currency) against the euro.

### *Operating Expenses*

Operating expenses decreased by €40.9 million, or 17.1%, to €198.2 million in Q3 2009 from €239.1 million in Q3 2008. The decrease was principally attributable to: Mexico (€2.9 million) due to the lower sales to Caliente and the depreciation on the Mexican peso against the euro; Italy AWP (€10.6 million) due primarily to the €5.9 million provision reversal in Codere Network recorded in Q3 2009 (*see Other relevant information*) and the absence of the consolidation of an indirect operator (although the acquisition occurred in December 2007, the operations were consolidated in Q3 2008 for the nine months ended September 30, 2008, not just those corresponding to the quarter); and Argentina (€9.1 million) due to lower gaming and other taxes as a result of the decreased activity due to the impact of the H1N1 virus, and to the depreciation of the Argentine peso against the euro; and Colombia (€2.9 million) due to the decrease in costs related to lower installed capacity and to the depreciation of the Colombian peso against the euro. The decrease is partially offset by the increase in costs in Panama (€0.8 million) mainly due to the increase in the installed capacity and the appreciation of the US dollar against the euro, and in Sports Betting Spain (€0.1 million) due to the progressive build-out of the business in Madrid and the Basque Region.

### *Gains or losses on asset disposals*

Results on asset disposals decreased from a gain of €2.7 million in Q3 2008 related to a loss of €1.0 million in Q3 2009 primarily as a result of the absence of a €3.2 million gain associated with the sale of the Colombian Headquarters recorded in Q3 2008, and the higher rotation of the portfolio in Spain AWP in the three months ended September 30, 2009 compared to the same period of 2008.

### *Operating Profit*

Operating profit decreased by €5.6 million, or 16.0%, to €9.4 million in Q3 2009 from €35.0 million in Q3 2008. Operating margin was 12.9% in Q3 2009, the same as in Q3 2008.

### *EBITDA*

EBITDA decreased by €4.4 million, or 7.8%, to €2.3 million in Q3 2009 from €6.7 million in Q3 2008. The decrease in EBITDA was principally attributable to Argentina (€7.7 million) due to the impact of the H1N1 virus and the depreciation of the Argentine peso, mitigated in part by the increase in the net win per day following the impact of the H1N1 virus, and Spain AWP (€7.0 million) reflecting the lower net win per day per AWP and the reduction of the installed portfolio. This decrease is partly offset by: the increase in Italy AWP (€6.7 million) due primarily to the €5.9 million provision reversal in Codere Network recorded in Q3 2009 (*see Other relevant information*); a reduction in the EBITDA loss in Corporate Overhead (€1.7 million) as a result of cost reduction initiatives; and an increase in Brazil (€1.6 million) primarily related to the €1.1 million non-recurrent gain recorded in Q3 2009 associated with the partial reversal of a provision following the renegotiation of agreements with the local jockey clubs. EBITDA margin increased to 22.9% in Q3 2009 compared to 20.9% in Q3 2008.

### *Financial Revenues*

Financial revenues in Q3 2009 decreased by €0.3 million, or 14.3%, to €1.8 million from €2.1 million in Q3 2008. The decrease was principally attributable to lower aggregate cash levels.

### ***Financial Expenses***

Financial expenses decreased by €0.7 million, or 3.7%, to €18.2 million in Q3 2009 from €18.9 million in Q3 2008. The decrease was principally attributable to lower debt outstanding at lower base interest rates under the Senior Credit Facility, and by lower debt levels in Colombia and Italy. This decrease was partially compensated by the recording of a non-recurring charge of €0.9 million (with no impact on cash), associated with interest due on the compensation of fiscal credits relating to a long-standing claim in Spain AWP.

### ***Corporate Income Tax***

Corporate income tax decreased by €8.6 million or 63.2%, to €5.0 million in Q3 2009 from €13.6 million in Q3 2008 due primarily to a decrease in profit before tax in Spain, Argentina and Panama and to an improvement of the fiscal position in Mexico following the restructuring of the corporate entities completed in December 2008.

### ***Minority Interest***

Minority interest decreased by €1.0 million, or 76.9%, to €0.3 million in Q3 2009 from €1.3 million in Q3 2008. This decrease is primarily attributable to lower minority interest in Spain AWP (as a result of lower profits in that unit as well as the acquisition of minority partners in several subsidiaries).

### ***Net Income***

As a result of the foregoing, net income increased by €3.9 million, or 79.6% to €8.8 million in Q3 2009 from €4.9 million in Q3 2008.

## Spain AWP

	Three months ended		
	September 30,		
	2008 <sup>1</sup>	2009	% change
	(€in millions, except percentages) (unaudited)		
Operating revenue .....	51.4	43.0	(16.3%)
Operating expenses:			
Consumption and other external expenses .....	4.2	2.3	(45.2%)
Personnel expenses.....	9.5	10.3	8.4%
Depreciation .....	3.9	3.7	(5.1%)
Amortization of intangible assets .....	3.6	3.6	0.0%
Variation in provisions for trade transactions .....	0.5	0.6	20.0%
Other operating expenses:	21.6	21.3	(1.4%)
Gaming and other taxes .....	15.7	15.2	(3.2%)
Rental of machines .....	0.1	0.6	n.a.
Others .....	<u>5.8</u>	<u>5.5</u>	(5.2%)
Total operating expenses .....	43.3	41.8	(3.5%)
Gains or losses on asset disposals.....	(0.3)	(0.4)	n.a.
Operating profit .....	7.8	0.8	(89.7%)
EBITDA .....	16.1	9.1	(43.5%)

1. As a result of the change in the way of reporting asset sales and disposals, results for the quarter ended September 30, 2008 differ from those previously reported.

*Operating Revenue* decreased by €8.4 million, or 16.3%, to €43.0 million in Q3 2009 from €51.4 million in Q3 2008, as a result of a decrease in the net win per day per AWP and in the number of machines installed, as well as in the number of machines sold to third parties. We had 15,586 AWP machines in operation in Spain as of September 30, 2009, compared to 15,909 as of September 30, 2008. In Q3 2009, we entered into new contracts for the placement of 204 machines in bars, restaurants and other establishments. In Q3 2009 contracts related to 231 machines expired or were otherwise terminated. The net win per day per AWP was €46.3 in Q3 2009, compared to €52.5 in Q3 2008. We believe that the decrease, while partly compensated by the continuous renewal and rotation of the machine portfolio and the positive effect from regulatory changes in small markets such as Asturias and Extremadura, resulted primarily from the macroeconomic slowdown in the country.

*Operating Expenses* decreased by €1.5 million, or 3.5%, to €41.8 million in Q3 2009 from €43.3 million in Q3 2008. The key changes in operating expenses were as follows:

- *Consumption and Other External Expenses* include payments to certain AWP operators with whom we enter into collaboration agreements, costs related to ancillary services provided to site owners and machines purchased for resale. Consumption and other external expenses decreased by €1.9 million, or 45.2%, to €2.3 million in Q3 2009 from €4.2 million in Q3 2008 principally attributable to a decrease in the number of machines purchased for resale and to lower payments to operators due to the decrease of the net win per day per AWP.
- *Personnel Expenses* increased by €0.8 million, or 8.4%, to €10.3 million in Q3 2009 from €9.5 million in Q3 2008 due to €1.4 million in restructuring costs incurred during the period, which compensate the savings resulting from a decrease in payroll due to reductions in personnel.
- *Depreciation* decreased by €0.2 million, or 5.1%, to €3.7 million in Q3 2009 from €3.9 million in Q3 2008 due to the decrease in the portfolio.
- *Amortization* in Q3 2009 was €3.6 million, the same as in Q3 2008.
- *Other Operating Expenses* decreased by €0.3 million, or 1.4%, to €21.3 million in Q3 2009 from €21.6 million in Q3 2008 principally due to a decrease in gaming taxes as a result of the decrease

in the number of machines installed and to cost reduction initiatives, partially offset by the increase in the rental of machines.

*Losses on asset disposals* increased from €0.3 million in Q3 2008 to €0.4 million in Q3 2009 primarily as a result of an increase in machine disposals as we renew the portfolio.

*Operating Profit* decreased by €7.0 million, or 89.7%, to €0.8 million in Q3 2009 from €7.8 million in Q3 2008. Operating margin was 1.9% in Q3 2009 compared to 15.2% in Q3 2008.

*EBITDA* decreased by €7.0 million, or 43.5%, to €0.1 million in Q3 2009 from €6.1 million in Q3 2008. EBITDA margin decreased to 21.2% in Q3 2009 from 31.3% in Q3 2008.

### Argentina

	Three months ended		
	September 30,		
	2008	2009	% change
	(€in millions, except percentages) (unaudited)		
Operating revenue <sup>1</sup> .....	94.8	77.7	(18.0%)
Operating expenses:			
Consumption and other external expenses .....	2.2	1.3	(40.9%)
Personnel expenses.....	13.1	12.5	(4.6%)
Depreciation .....	2.9	3.2	10.3%
Amortization of intangible assets .....	0.4	0.4	0.0%
Other operating expenses:	50.9	43.0	(15.5%)
Gaming and other taxes .....	39.8	32.6	(18.1%)
Others <sup>1</sup> .....	11.1	10.4	(6.3%)
Total operating expenses <sup>1</sup> .....	69.5	60.4	(13.1%)
Operating profit .....	25.3	17.3	(31.6%)
EBITDA .....	28.6	20.9	(26.9%)

1. We have changed the way we reflect the gains and losses on foreign exchange currency contracts. This change affects both revenue and operating expenses (other). Beginning in 2009 gains and losses are reflected in revenues and therefore losses are no longer included in expenses. Under the current methodology, revenue and operating expenses would have been €94.0 million and €68.7 million, respectively for Q3 2008.

*Operating Revenue* in Argentina principally comprises revenue collected from slot machines located in our bingo halls after prize payouts and from sales of bingo cards after prize payouts. It also reflects gains or losses from Argentine peso forward foreign exchange contracts which mature during the period. Operating revenue decreased by €7.1 million, or 18.0%, to €77.7 million in Q3 2009 from €94.8 million in Q3 2008, which was principally attributable to the lower activity related to the H1N1 virus, which was partially offset by an increase in the amounts wagered as a result of the installation of the TITO and other coinless systems. Revenues in Q3 2009 were also negatively impacted by the appreciation of the euro against the Argentine peso. At a constant exchange rate, and excluding the gains and losses on the foreign exchange contracts, revenues would have been €92.8 million in Q3 2009, representing a decrease of 2.1% compared to Q3 2008. Gains on the contracts which matured during the period were €0.9 million, compared to a loss of €0.8 million in Q3 2008.

*Operating expenses* decreased by €9.1 million, or 13.1%, to €60.4 million in Q3 2009 from €69.5 million in Q3 2008. The key changes in operating expenses were as follows:

- *Consumption and Other External Expenses*, which principally include food and beverage cost of sales, decreased by €0.9 million, or 40.9%, to €1.3 million in Q3 2009 from €2.2 million in Q3 2008, due to the lower activity by the H1N1 virus and by the depreciation of the Argentine peso against the euro.

- *Personnel Expenses* decreased by €0.6 million, or 4.6%, to €12.5 million in Q3 2009 from €13.1 million in Q3 2008, principally due to depreciation of the Argentine peso against the euro.
- *Depreciation* increased by €0.3 million, or 10.3%, to €3.2 million in Q3 2009 from €2.9 million in Q3 2008 due to investment in halls and the implementation of TITO and other coinless systems.
- *Amortization* in Q3 2009 was €0.4 million, the same as in Q3 2008.
- *Other Operating Expenses*, which include gaming and other taxes, marketing expenses, and payments to the non-profit organizations that nominally hold the licenses to operate the bingo halls, decreased by €7.9 million, or 15.5%, to €43.0 million in Q3 2009 from €50.9 million in Q3 2008. The decrease is principally attributable to lower gaming and other taxes associated with the decrease of commercial activity by the H1N1 virus and to the depreciation of the Argentine peso against the euro.

*Operating Profit* decreased by €8.0 million, or 31.6% to €17.3 million in Q3 2009 from €25.3 million in Q3 2008. Operating margin decreased to 22.3% in Q3 2009 from 26.7% in Q3 2008.

*EBITDA* decreased by €7.7 million, or 26.9%, to €20.9 million in Q3 2009 from €28.6 million in Q3 2008. The decrease is principally attributable to the decrease of commercial activity as a result of the H1N1 virus and to the depreciation of the Argentine peso against the euro. At a constant exchange rate (and adjusted to eliminate the gains and losses on the foreign currency contracts) EBITDA would have been €24.2 million in Q3 2009, representing a decrease of 17.7% compared to Q3 2008. EBITDA margin decreased to 26.9% in Q3 2009 from 30.2% in Q3 2008.

## Mexico

	Three months ended		
	September 30,		
	2008	2009	% change
	(€in millions, except percentages) (unaudited)		
Operating revenue <sup>1</sup> .....	59.7	47.9	(19.8%)
<i>Of which sales to Caliente</i> .....	6.9	1.5	(78.5%)
Operating expenses			
Consumption and other external expenses .....	21.1	10.6	(49.8%)
<i>Of which sales to Caliente</i> .....	7.4	1.8	(76.1%)
Personnel expenses .....	5.3	4.4	(17.0%)
Depreciation.....	4.6	4.1	(10.9%)
Amortization of intangible assets.....	1.3	0.8	(38.5%)
Other operating expenses	17.2	16.7	(2.9%)
Gaming and other taxes.....	3.6	2.3	(36.1%)
Machine rentals .....	0.3	0.3	0.0%
Others <sup>1</sup> .....	13.3	14.1	6.0%
Total operating expenses <sup>1</sup> .....	49.5	36.6	(26.1%)
Operating profit .....	10.2	11.3	10.8%
EBITDA .....	16.1	16.2	0.6%

1. We have changed the way we reflect the gains and losses on foreign exchange currency contracts. This change affects both revenue and operating expenses (other). Beginning in 2009 gains and losses are reflected in revenues and therefore losses are no longer included in expenses. Under the current methodology, revenue and operating expenses would have been €9.4 million and €9.2 million, respectively for Q3 2008.

*Operating Revenue* includes our participation in the operating companies of ICELA (our joint venture with CIE), and the directly-owned licensees (Promojuegos and Mio Games), as well as revenue from our bingo hall management services agreement with Caliente. We proportionally consolidate our 49% stake in ICELA, and we consolidate 100% of Promojuegos and Mio Games. Our operating revenue under the management services agreement with Caliente is equivalent to 50% of the profit before tax of

the bingo halls we manage. Mexico operating revenue also includes sales to Caliente of gaming halls, improvements, and equipment including machines, as well as reimbursement of costs incurred on Caliente's behalf, such as bingo hall managers' salaries and fees paid in connection with the use of machines. It also includes gains and losses from the Mexican peso forward exchange contracts which mature during the period.

Operating revenue decreased by €1.8 million, or 19.8%, to 47.9 million in Q3 2009 from €59.7 million in Q3 2008 reflecting principally a decrease in sales to Caliente and the depreciation of the Mexican peso. This decrease has been partially compensated by the increase in the number of machines installed and in the net win per day per machine in local currency (although partly mitigated by the implementation of anti-tobacco regulation in states other than the Distrito Federal since late August 2009), as well as by the gains from the Mexican peso forward exchange contracts. At a constant exchange rate, and excluding the gains and losses on the foreign exchange contracts, revenues would have been €57.6 million in Q3 2009, representing a decrease of 3.5% compared to Q3 2008. Gains on the contracts which matured during the period were €0.8 million, compared to losses of €0.3 million in Q3 2008.

*Operating expenses* decreased by €12.9 million, or 26.1%, to €36.6 million in Q3 2009 from €49.5 million in Q3 2008. The key changes in operating expenses were as follows:

- *Consumption and Other External Expenses*, which include the cost of building out and equipping the bingo halls sold to Caliente, fees paid in connection with the use of machines, expenses primarily in connection with the roll-out of machines, and personnel costs related to the salaries of bingo hall managers whom we provide for Caliente's bingo halls, and food and beverages cost of sales for ICELA and Promojuegos and Mio Games, decreased by €10.5 million, or 49.8%, to €0.6 million in Q3 2009 from €11.1 million in Q3 2008, due primarily to the decrease in sales to Caliente and to the depreciation of the Mexican peso against the euro.
- *Personnel Expenses* decreased by €0.9 million, or 17.0% to €4.4 million in Q3 2009 from €5.3 million in Q3 2008 primarily due to the depreciation of the Mexican peso.
- *Depreciation*, which includes the investment in halls operated by ICELA, Promojuegos and Mio Games as well as the racetrack and the convention center and the financial leases associated with the IGT machines, decreased by €0.5 million, or 10.9% to €4.1 million in Q3 2009 from €4.6 million in Q3 2008. The decrease is principally attributable to the depreciation of the Mexican peso against the euro, which more than compensates the investments made to increase the installed capacity in the ICELA business.
- *Amortization*, which primarily includes the amortization of the licenses for the ICELA halls, decreased by €0.5 million, or 38.5%, to €0.8 million in Q3 2009 compared to €1.3 million in Q3 2008 due primarily to the depreciation of the Mexican Peso against the euro.
- *Other Operating Expenses* decreased by €0.5 million, or 2.9% to €6.7 million in Q3 2009 from €7.2 million in Q3 2008 principally due to the depreciation of the Mexican peso although it was moderated by an increase in commercial expenses in Q3 2009 to recover the sales level prior to the H1N1 virus in Q2 2009.

*Operating Profit* increased by €1.1 million, or 10.8% to €1.3 million in Q3 2009 from €0.2 million in Q3 2008. Operating margin increased to 23.6% in Q3 2009 from 17.1% in Q3 2008.

*EBITDA* increased €0.1 million, or 0.6%, to €6.2 million in Q3 2009 from €6.1 million in Q3 2008. At a constant exchange rate (and adjusted to eliminate the gains and losses on the foreign currency contracts) EBITDA would have been €8.8 million in Q3 2009, an increase of 15.3% compared to Q3 2008. EBITDA margin increased to 33.8% in Q3 2009 from 27.0% in Q3 2008.

### Other Operations

Other operations includes the results of our operations in Panama, Uruguay, Italy AWP (indirect and network), Italy Bingo, Colombia, Brazil, Spain Bingo and Spain Sports Betting, but excludes Corporate Overhead.

*Operating revenue* decreased by €5.0 million, or 7.7%, to €9.9 million in Q3 2009 from €64.9 million in Q3 2008. This was principally attributable to the decrease in: Italy AWP (€3.5 million) due to the absence of the consolidation of an indirect operator (although the acquisition occurred in December 2007, the operations were consolidated in Q3 2008 for the for the nine months ended September 30, 2008, not just those corresponding to the quarter), partially compensated by an increase in the net win per AWP; Italy Bingo (€1.6 million) primarily as a result of the decrease in the number of bingo cards sold; and Colombia (€0.9 million) due primarily to the decrease in the number of machines installed and to the depreciation of the Colombian peso against the euro. This decrease was partially offset by the increase in: Spain Sports Betting (€1.0 million) associated with progressive build-out of the operations in Madrid (starting in Q2 2008) and in the Basque Region (starting in Q4 2008); Uruguay (€0.3 million) due to an increase in the net win per slot per day; and Panama (€0.1 million) reflecting the appreciation of the US dollar (local currency) against the euro.

*Operating Expenses* decreased by €15.2 million, or 22.7%, to €1.8 million in Q3 2009 from €7.0 million in Q3 2008. This decrease is mainly attributable to: Italy AWP (€0.6 million) due to a €9.9 million provision reversal in Codere Network recorded in Q3 2009 (*see Other relevant information*) and the absence of the consolidation of an indirect operator (although the acquisition occurred in December 2007, the operations were consolidated in Q3 2008 for the nine months ended September 30, 2008, not just those corresponding to the quarter); Colombia (€2.9 million) due to the costs reduction associated with the decrease in the installed portfolio and to the depreciation of the Colombian peso against the euro; Brazil (€1.3 million) primarily related to the €1.1 million non-recurrent gain recorded in Q3 2009 associated with the partial reversal of a provision following the renegotiation of agreements with the local jockey clubs; and Italy Bingo (€0.7 million) due to lower gaming taxes resulting from a decrease in the commercial activity, partially compensated by a €0.6 million provision related to the cancellation of a lease agreement recorded in the quarter. This decrease is partly offset by the increase in costs in Panama (€0.8 million) reflecting the growth of the installed capacity and the appreciation of the US dollar against the euro and in Sports Betting Spain (€0.1 million) due to the progressive build-out deployment of the business in Madrid and the Basque Region.

*Losses on asset disposals* were €0.5 million in Q3 2009 compared to a gain of €3.0 million in Q3 2008. This decrease was principally attributable the absence of a €3.2 million gain related to the sale of the headquarters building in Colombia recorded in Q3 2008.

*Operating profit* increased by €6.6 million to a profit of €7.5 million in Q3 2009 from €0.9 million in Q3 2008.

*EBITDA* increased by €8.5 million, to €13.0 million in Q3 2009 from €4.5 million in Q3 2008.

## Cash Flow

	Nine months ended September 30,		Three months ended September 30	
	2008 <sup>1</sup>	2009	2008	2009
	(unaudited) (€in millions)			
<b>Cash flow from continuing operations:</b>				
Operating profit .....	110.3	83.3	34.9	29.3
Expenses that do not represent cash movements				
Depreciation and amortization .....	67.5	69.4	23.7	21.2
Other operating expenses .....	18.2	15.9	7.2	0.1
Income that does not represent cash movements.....	(9.5)	(1.5)	(3.3)	(0.2)
Changes in working capital				
Inventories.....	(2.3)	0.3	(2.9)	0.6
Receivables.....	(1.0)	(6.3)	(1.8)	(0.2)
Prepaid expenses .....	(0.3)	1.0	-	1.6
Accounts payable .....	(0.6)	(5.5)	(2.8)	(14.7)
Deferred income.....	0.1	(0.1)	0.1	-
Deferred expenses .....	0.9	0.1	2.5	-
Others .....	3.6	(6.8)	3.2	(1.9)
Corporate income tax .....	(40.3)	(34.6)	(14.6)	(10.3)
<b>Net cash from operating activities</b>	<b>146.6</b>	<b>115.2</b>	<b>46.2</b>	<b>25.5</b>
Capital expenditures <sup>1</sup> .....	(78.2)	(48.5)	(19.5)	(15.3)
Long-term loans and receivables <sup>2</sup> .....	1.5	6.7	1.0	3.6
Investments <sup>3</sup> .....	(25.6)	(0.6)	(25.7)	-
<b>Net cash used in investing activities</b>	<b>(102.3)</b>	<b>(42.4)</b>	<b>(44.2)</b>	<b>(11.7)</b>
Net change in financial debt <sup>4</sup> .....	4.7	(23.6)	5.0	3.6
Net change in other bank loans .....	(7.9)	1.4	(2.2)	(3.7)
Dividends (net) .....	(4.8)	(1.4)	(0.2)	(0.1)
Net change in other debt and contingent payments <sup>5</sup> .....	11.6	(13.9)	19.4	4.7
Net investment in treasury shares.....	-	(0.2)	-	0.2
Interest income .....	3.7	1.7	1.2	0.2
Interest expense <sup>6</sup> .....	(38.3)	(37.8)	(3.6)	(2.8)
Net cash effect of exchange rate changes.....	(2.2)	2.3	(0.9)	1.0
<b>Net cash from financing activities</b>	<b>(33.2)</b>	<b>(71.5)</b>	<b>18.7</b>	<b>3.1</b>
<b>Net change in cash position.....</b>	<b>11.1</b>	<b>1.3</b>	<b>20.7</b>	<b>16.9</b>
<b>Reconciliation</b>				
Cash at beginning of period.....	91.3	83.3	81.7	67.7
Cash at end of period.....	102.4	84.6	102.4	84.6
Change in cash position.....	11.1	1.3	20.7	16.9
<b>Cash flow from discontinued operations:</b>				
Net cash from operating activities .....	1.3	-	-	-
Net cash used in investment activities .....	(1.3)	-	-	-
Net cash from financing activities .....	(1.2)	-	-	-
<b>Net change in cash position.....</b>	<b>(1.2)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>				
Cash at beginning of period.....	2.8	-	1.6	-
Cash at end of period.....	1.6	-	1.6	-
Change in cash position.....	(1.2)	-	-	-

1. Capital expenditures primarily consist of investments to maintain or improve the quality of our facilities, to build out and equip bingo halls in connection with our ICELA JV, to purchase new AWP, EBTs or slot machines and to make exclusivity payments to site owners in connection with contracts to install our AWP machines in their establishments.
2. Long-term loans and receivables include amounts related to building out and equipping bingo halls that are sold to Caliente, which pays for such bingo halls over a five-year period. Loans to site owners and other loans are also included.
3. Investments include expenditures relating to acquisitions.
4. Net change in financial debt includes our Senior Credit Facility, and 50% of Notes issued by Hipica Rioplatense Uruguay (HRU), our JV in Uruguay.
5. Net change in other debt and contingent payments reflects movements in temporary financial investments such as vendor financing, and contingent payments.
6. Interest expense in the nine months ended September 30, 2009 includes €1.4 million paid in Q1 2009 for the acquisition of minorities in Argentina which were not reported in the cash flows for Q1 or Q2 2009.

### ***Cash flow for the nine months ended September 30, 2009***

Net cash from operating activities for the nine months ended September 30, 2009 was €15.2 million, a decrease of 21.4% from €46.6 million for the same period the prior year.

Net cash used in financing activities was €11.5 million, the principal drivers of which were as follows:

- Negative variation in other debt and contingent payments of €13.9 million, which consists of a net decrease in vendor financing of €9.6 million, an increase in liabilities due to the deferral of gaming taxes in Spain (€6.4 million) and an increase in financial assets of €0.7 million. The €9.6 million net decrease in vendor financing consists of a positive variation of €0.8 million (principally reflecting the financing of investments of €0.5 million in Codere Network and €0.3 million in Colombia) and a negative variation of €0.4 million (principally reflecting the amount pending following the exercise of the Operbingo AWP machine option (€7.6 million), the partial payment of the acquisition of the minorities in Argentina (€5.6 million) and capital expenditures in Spain AWP, Mexico and Panama).
- A net decrease of €3.6 million in financial debt resulting from €3.1 million in repayments under the Senior Credit Facility and a €0.5 million amortization of the HRU bond.
- A net increase in other bank loans of €1.4 million, due primarily to increased bank loans in Mexico, partly offset by repayments in Colombia and Italy Bingo.
- €0.2 million invested in treasury shares, as part of the liquidity contract.
- Dividends paid to minorities of €1.4 million, financial expenses of €37.8 million, financial income of €1.7 million and €2.3 related to changes in exchange rates (€13.8 million in positive variations and €1.5 million in negative variations).

We used cash for capital expenditures for intangible and fixed assets (€48.5 million), received a net of €6.7 million in long term loans and receivables consisting of: €4.1 million received from Caliente (repayments of €1.9 million, net of receivables generated of €7.8 million), €2.8 million received for long-term loans provided to Spain AWP site owners (repayments of €8.9 million, net of €6.1 million in loans), and €0.2 million for long-term loans provided to Italy AWP site owners (€4.9 million in loans, net of €4.7 million in repayments). We used €0.6 million for investments, the net amount of €0.9 million used for payments related to the Operbingo AWP machine option and €0.3 million reflecting the positive impact of adjustments to the contingent payments associated with AWP operators acquired in Spain last year.

During the nine months ended September 30, 2009 we had a net increase in cash of €1.3 million.

### Cash flow for the quarter ended September 30, 2009

Net cash from operating activities for the Q3 2009 was €25.5 million, a decrease of 44.8% from €46.2 million for the same period the prior year.

Net cash used in financing activities was €3.1 million, the principal drivers of which were as follows:

- Positive variation in other debt and contingent payments of €4.7 million, which consists of a net decrease in vendor financing of €6.2 million, an increase in liabilities due to the deferral of gaming taxes in Spain (€10.7 million) and a decrease in financial assets of €0.2 million. The €6.2 million net decrease in vendor financing consists of a negative variation of €8.0 million (principally reflecting the partial payment of the acquisition of the minorities in Argentina (€2.8 million) and investments in Spain AWP, Mexico ICELA and Panama) and a positive variation of €1.8 million (principally reflecting the financing of investments of €1.0 million in Colombia and €0.2 million in each of Codere Network and Italy Bingo)
- A net increase of €3.6 million in financial debt resulting from an increase of €3.7 million under the Senior Credit Facility and a €0.1 million amortization of the HRU bond.
- A net decrease in other bank loans of €3.7 million, due primarily to repayments in Mexico, Italy Bingo and Spain AWP.
- €0.2 million obtained with the sale of treasury shares, as part of the liquidity contract.
- Dividends paid to minorities of €0.1 million, financial expenses of €2.8 million, financial income of €0.2 million and €1.0 million related to changes in exchange rates (€7.3 million in positive variations and €6.3 million in negative variations).

We used cash for capital expenditures for intangible and fixed assets (€15.3 million), received a net of €3.6 million in long term loans and receivables consisting of: €2.2 million received from Caliente (repayments of €4.0 million, net of receivables generated of €1.8 million), €1.5 million received for long-term loans provided to Spain AWP site owners (repayments of €2.8 million, net of €1.3 million in loans), and €0.1 million for long-term loans provided to Italy AWP site owners (€2.1 million in loans, net of €2.0 million in repayments).

During the quarter ended September 30, 2009 we had a net increase in cash of €16.9 million.

### Investment activities

	Nine months ended September 30,		Three months ended September 30,	
	2008 <sup>1</sup>	2009	2008 <sup>1</sup>	2009
	(unaudited)			
	(€in millions)			
Spain AWP .....	34.0	11.7	8.6	0.6
Argentina .....	42.6	9.4	29.6	5.0
Mexico .....	5.4	6.9	0.3	1.0
Italy .....	2.9	7.2	4.0	1.9
Holding Company .....	4.1	0.5	1.8	-
Other <sup>2</sup> .....	<u>13.3</u>	<u>6.7</u>	<u>(0.1)</u>	<u>3.2</u>
<b>Total .....</b>	<b>102.3</b>	<b>42.4</b>	<b>44.2</b>	<b>11.7</b>
Maintenance <sup>2</sup> .....	51.5	28.4	14.8	5.6
Growth .....	<u>50.8</u>	<u>14.0</u>	<u>29.4</u>	<u>6.1</u>
<b>Total .....</b>	<b>102.3</b>	<b>42.4</b>	<b>44.2</b>	<b>11.7</b>

1. Excludes the investments made in discontinued operations.

2. Q3 2008 includes €4.9 million in proceeds for the sale of our headquarters building in Colombia.

### Balance Sheet

The table below provides condensed consolidated balance sheet information as at December 31, 2008 and as at September 30, 2009.

	At Dec 31, 2008	At Sept 30, 2009
	(audited)	(unaudited)
	(€in millions)	
<b>Fixed and other non-current assets</b> .....	<b>943.3</b>	<b>881.3</b>
Intangible assets, net.....	184.3	178.9
Tangible fixed assets.....	373.8	343.3
Long-term financial investments.....	85.8	70.0
Goodwill on consolidation.....	269.7	261.2
Other deferred assets.....	0.7	0.6
Deferred taxes.....	29.0	27.3
<b>Current assets</b> .....	<b>277.4</b>	<b>261.1</b>
Inventories.....	13.1	12.8
Accounts receivable, net.....	142.1	132.5
Short-term financial investments.....	34.0	27.3
Cash.....	83.3	84.6
Other assets.....	4.9	3.9
<b>Total assets</b> .....	<b>1,220.7</b>	<b>1,142.4</b>
<b>Shareholders' equity</b> .....	<b>54.3</b>	<b>16.3</b>
Share capital.....	11.0	11.0
Additional paid-in capital.....	231.3	231.3
Other.....	(177.4)	(229.1)
Net income (loss) for the period.....	(10.6)	3.1
<b>Minority interests</b> .....	<b>20.6</b>	<b>19.7</b>
<b>Non-current liabilities</b> .....	<b>840.5</b>	<b>814.2</b>
Deferred income.....	1.0	1.0
Provisions.....	41.9	34.7
Long-term debt and other long-term liabilities.....	797.6	778.5
Payable to credit entities.....	47.4	42.7
Deferred tax liabilities.....	29.7	26.0
Senior Notes issued.....	656.7	657.3
Other payables.....	63.8	52.5
<b>Current liabilities</b> .....	<b>305.3</b>	<b>292.2</b>
Trade accounts payable.....	89.3	83.3
Bonds and other marketable securities.....	3.3	17.1
Payable to credit entities.....	53.7	36.6
Other non trade payables.....	152.2	147.4
Accrual accounts and others.....	6.8	7.8
<b>Total shareholders' equity and liabilities</b> .....	<b>1,220.7</b>	<b>1,142.4</b>

### Comments on the September 30, 2009 balance sheet

In the nine months ended September 30, 2009 total assets decreased by €78.3 million. This decrease was largely attributable to the 17.5% devaluation of the Argentine peso against the euro between December 31, 2008, and September 30, 2009 and partially to the 3.5% devaluation on the Mexican peso in the same period. The devaluation also significantly impacted shareholders' equity.

Fixed assets, net of €9.3 million in accumulated depreciation and amortization, decreased by €1.7 million principally as a result of the aforementioned devaluation, which significantly outweighed investments realized in the period, and of the amortization registered in the first nine months of 2009.

Financial debt (long and short term) decreased by €7.4 million compared to December 2008, principally as a result of lower drawings under the Senior Debt facility (€23.8 million) and amortization of debt at our Italian subsidiary (€2.3 million), partially compensated by interest accrued and unpaid on the Senior Notes (€3.6 million) since the payment in June, 2009 and an increase of local debt in Mexico (€5.1 million).

Cash increased by €1.3 million and short term financial investments decreased by €6.7 million.

### Capitalization

	December 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009
		(unaudited)		
		(€in millions)		
Cash.....	83.3	77.7	67.7	84.6
Bank loans .....	4.8	7.2	11.1	11.5
Senior notes interest .....	2.3	15.9	2.3	15.9
ST portion and interest of HRU notes .....	<u>1.0</u>	<u>1.1</u>	<u>1.1</u>	<u>1.2</u>
Short term debt .....	8.1	24.2	14.5	28.6
Senior Credit Facility .....	48.9	29.6	22.1	25.1
Senior notes.....	652.4	652.7	653.0	653.3
Other long term debt <sup>1</sup> .....	<u>51.7</u>	<u>50.4</u>	<u>50.5</u>	<u>46.7</u>
Long term debt .....	753.0	732.7	725.6	725.1
Total debt .....	761.1	756.9	740.1	753.7
Shareholders' equity.....	<u>54.3</u>	<u>44.2</u>	<u>30.2</u>	<u>16.3</u>
Total capitalization.....	815.4	801.1	770.3	770.0

1. Includes LT portion of the HRU notes

### Other financial data<sup>1</sup>

	Twelve months ended,			
	December 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009
		(unaudited)		
		(€in millions)		
EBITDA.....	233.0	225.5	217.5	213.1
Net interest expense .....	66.4	67.6	69.8	69.4
Total net debt.....	677.8	679.2	672.4	669.1
Total net debt to EBITDA .....	2.9x	3.0x	3.1x	3.1x
EBITDA to Net interest expense .....	3.5x	3.3x	3.1x	3.1x

1. All figures have been adjusted to exclude the discontinued operations as well as to reflect the EBITDA definition which excludes the impact of gains or losses on asset disposals.

**Other relevant information**

*Foreign exchange.* The following tables show the exchange rates we used to prepare the balance sheet data described in this release, as well as the average exchange rates for the three and nine months ended September 30, 2008 and 2009:

	December 31, 2008	September 30, 2009	% change			
Euro/Argentine peso	4.79	5.63	17.5%			
Euro/Mexican peso	19.17	19.84	3.5%			
	Three months ended September 30,			Nine months ended September 30,		
	2008	2009	% change	2008	2009	% change
Euro/Argentine peso	4.58	5.48	19.7%	4.73	5.07	7.2%
Euro/Mexican peso	15.53	18.98	22.2%	16.00	18.63	16.4%

*Foreign exchange hedges.* As of the date of this release we have in place the following contracts:

(in millions)

	<u>€ARS</u>	<u>US\$/ARS</u>	<u>€US\$</u>	<u>€MXN</u>
4Q 2009	-	16.1	10.8	5.0
1Q 2010	-	15.8	-	7.9
2Q 2010	-	<u>21.0</u>	-	<u>8.0</u>
Total	-	52.9	10.8	20.9

Realized gains on the Argentine peso foreign exchange contract which matured during Q3 2009 amounted to €0.9 million, which when added to the gain of €0.4 million realized in Q1 2009 and €1.0 million in Q2 2009, resulted in a gain of €2.3 million in the nine months ended September 30, 2009. Realized gains on the Mexican pesos foreign exchange forward contract which matured during Q3 2009 amounted to €0.8 million, which when added to the gain of €1.0 million in Q1 2009 and €0.9 million in Q2 2009, resulted in a gain of €2.7 million in the nine months ended September 30, 2009. The realized gains are recorded as other operating revenues in our Argentine and Mexico business. Unrealized gains and losses on outstanding forward contracts are recognized as a hedging reserve in consolidated shareholders' equity.

*Gaming Tax Deferrals.* In Spain, gaming tax accrue annually and, in most of the *Comunidades Autonomas*, or regions, is paid in quarterly instalments. Certain regions, however, allow for deferrals in the payments. We have applied for deferrals with the tax authorities of several regions in which we operate. As of September 30, 2009 we received approval to defer €16.4 million and are awaiting the final resolution from the authorities for an additional €5.8 million. The approved deferrals are reflected in the Cash Flow statement under Financing Activities and the amounts pending approval are reflected in the cash flow under Operating Activities. All amounts have been reflected under Gaming and other taxes in the Income Statement for the applicable quarters.

*Italy network service fee provision reversal.* The network concession includes a 0.8% fee on amounts wagered (coin-in) to be paid to the Italian Regulator (AAMS), and stipulates that part of this fee, up to maximum 0.5%, can be returned to concessionaires which make specific investments to improve the network. Each year the AAMS issues the list of parameters to be used to evaluate these improvements and in turn, pay back the 0.5%, or a portion thereof. For several years the European Union contested the AAMS payment as a government aid, but the Italian government maintained the fee was a bailment which the concessionaires were paying in advance to guarantee their commitment to improve the network performances, and at the end of 2008 the AAMS published a decree which defined the payment as a bailment. As a result, in Q4 2008 we recorded a decrease in costs associated with the implementation of this fee, but also recorded a provision of €6.0 million pending the publication by the AAMS of the guidelines governing the amount and timing of the payment. In Q3 2009, following the publication of these guidelines and the payment of the fees corresponding to 2007, we reversed €5.9 million of the provision related to the fees due for the 2007 and 2008 fiscal years.



*New member of the Board.* On November 11, 2009, Mr. Fernando Lorente Hurtado was appointed Director and Vice President of the Board of Directors, in representation of Masampe S.L.

*Restricted group members.* For the three months ended September 30, 2009 Restricted Group Members' revenues, EBITDA, and net income were €222.2 million, €50.7 million and €8.8 million, respectively. As of September 30, 2009, Restricted Group Members' shareholders' equity and assets were €15.0 million and €1,110.2 million, respectively.

About Codere:

Codere is a leading gaming company engaged in the management of slot machines, bingo halls, casinos, racetracks and off-track betting facilities in Spain, Latin America and Italy.  
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*This document contains statements that constitute forward looking statements in its general meaning and within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this document and include statements regarding the intent, belief or current expectations regarding potential acquisitions, estimates regarding future growth of our business, market share, financial results and other aspects of the Company's activities and situation. The forward-looking statements in this document can be identified, in some instances, by the use of words such as "expects", "anticipates", "intends", "believes", "plans", and similar language or the negative thereof or by the forward-looking nature of discussions of strategy, plans or intentions.*

*Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties and actual results may differ materially from those in the forward looking statements as a result of various factors.*

*Analysts and investors are cautioned not to place undue reliance on those forward looking statements which speak only as of the date of this presentation. Codere undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in Codere's business or acquisition strategy or to reflect the occurrence of unanticipated events.*