

***Corporación Interamericana de Entretenimiento,
S. A. B. de C. V. and Subsidiaries***

Consolidated Financial Statements

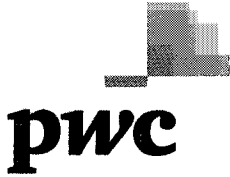
December 31, 2011 and 2010

Corporación Interamericana de Entretenimiento, S. A. B. de C. V. and Subsidiaries

Index

December 31, 2011 and 2010

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Report of Independent Auditors

Mexico City, April 16, 2012

To the Stockholders meeting and the Board of Directors of
Corporación Interamericana de Entretenimiento, S. A. B. de C. V. and subsidiaries

We have examined the consolidated balance sheets of Corporación Interamericana de Entretenimiento, S. A. B. de C. V. and subsidiaries at December 31, 2011 and 2010 and the related consolidated statements of income, changes in stockholders' equity and consolidated cash flows statements for the years then ended. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they were prepared in accordance with Mexican Financial Reporting Standards. An audit consists of examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the financial reporting standards used and significant estimates made by management as well as evaluating the overall financial statement presentation. We consider that our audits provide a reasonable basis for our opinion.

As mentioned in Note 1 to the financial statements, during 2011, the Company conducted a formal closure of operations of the Wannado park located in the State of Florida, which ceased to be held by the company. Note 14 to the consolidated financial statements presents the statement of income of discontinued operations corresponding to 2011 and 2010.

As described in Note 2, as from January 1, 2012 and for preparation of its financial statements, the Company adopted the accounting framework established in Mexican Financial Reporting Standards (NIF), for compliance with the provisions established by the National Banking and Securities Commission and the provisions of INIF 19 "Change from adoption of International Financial Reporting Standards".

As mentioned in Note 2, the Company and its subsidiaries adopted retrospectively, as from January 1, 2010, the NIF and Interpretations of NIF (INIF) related to NIF C-1 "cash and cash equivalents".

In accordance with the provisions of Statement 4030 "Effects on opinion when using other auditors' work" of auditing standards generally accepted in Mexico in effect up to December 31, 2010, the financial statements at December 31, 2010 of certain subsidiaries, whose assets and sales income represented 37% and 10%, respectively, of consolidated totals at that date, were examined by other independent auditors. The opinion expressed herein, as concerns the financial statement figures corresponding to said subsidiaries included in the 2010 consolidated financial statements, is solely based on the opinions issued by the other independent auditors, who issued their opinion without qualifications.



In our opinion, based on our exams and the opinion of the other auditors mentioned in the preceding paragraph applicable to 2010, the financial statements referred to above present fairly in all material respects, the consolidated financial position of Corporación Interamericana de Entretenimiento, S. A. B. de C. V. and subsidiaries at December 31, 2011 and 2010, and the consolidated results of its operations, changes in stockholders' equity and its cash flows for the years then ended, according to Mexican Financial Reporting Standards.

This report is a translation from the original issued in Spanish.

PricewaterhouseCoopers, S. C.

A handwritten signature in black ink, appearing to read 'Roberto Vargas Flores', is written over the printed name.

Roberto Vargas Flores
Audit Partner

Corporación Interamericana de Entretenimiento, S. A. B. de C. V. and Subsidiaries

Consolidated Balance Sheets

(Note 1)

December 31, 2011 and 2010

Thousands of Mexican pesos -Ps- (Note 2)

	<u>December 31,</u>	
<u>Assets</u>	<u>2011</u>	<u>2010</u>
CURRENT ASSETS:		
Cash and cash equivalents (Note 3b)	Ps 1,694,685	Ps 1,242,247
Accounts receivable (Note 5)	2,015,779	2,631,116
Inventory of products for sale and for internal consumption	37,673	28,356
Cost of future events and prepaid expenses (Note 3e.)	2,800,582	2,883,322
Discontinued operation (Notes 1 and 14)		<u>28,504</u>
Total current assets	6,548,719	6,813,545
Long-term accounts receivable	138,626	148,151
Investment in associate companies (Note 3f.)	126,552	96,105
Property, furniture and equipment - Net (Note 7)	6,022,543	6,432,813
Unamortized expenses and other assets - Net (Note 8)	828,804	1,676,738
Deferred income tax - Net (Note 12)	543,130	
Discontinued operation (Note 14)		<u>279,719</u>
Total assets	<u>Ps 14,208,374</u>	<u>Ps 15,447,071</u>
<u>Liabilities and Stockholders' Equity</u>		
CURRENT LIABILITIES:		
Short-term bank loans (Note 9)	Ps 1,760,593	Ps 959,178
Supplier	1,064,840	1,127,342
Sundry creditors	809,564	1,137,895
Revenue from future events and advances from customers (Notes 3p. and 3q.)	596,602	366,017
Taxes payable	130,414	62,276
Discontinued operation (Notes 1 and 14)		<u>4,801</u>
Total current liabilities	<u>4,362,013</u>	<u>3,657,509</u>
Long-term bank loans (Note 9)	4,491,051	5,847,978
Sundry creditors	61,351	80,176
Labor liabilities (Note 3o.)	236,504	217,557
Deferred income tax (Note 12)	-	161,319
Deferred flat tax (Note 12)	19,979	24,489
Discontinued operation (Notes 1 and 14)	-	<u>105,260</u>
Total long-term liabilities	<u>4,808,885</u>	<u>6,436,779</u>
Total liabilities	<u>9,170,898</u>	<u>10,094,288</u>
<u>STOCKHOLDERS' EQUITY (Note 10):</u>		
Capital stock	4,056,758	4,056,758
Premium on subscription of shares	91,331	91,331
Deficit	(1,133,558)	(971,468)
Cumulative translation adjustment	(334,412)	(276,757)
Recognition of valuation of financial instruments (Note 3c.)	420	<u>(2,673)</u>
Majority stockholders' equity	2,680,539	2,897,191
Minority interest	<u>2,356,937</u>	<u>2,455,592</u>
Total stockholders' equity	5,037,476	5,352,783
Commitments and contingencies (Notes 16 and 17)		
Subsequent event (Note 18)		
Total liabilities and stockholders' equity	<u>Ps 14,208,374</u>	<u>Ps 15,447,071</u>

The accompanying eighteen notes are an integral part of these consolidated financial statements, which were authorized for issuance on April 16, 2012.

Mr. Luis Alejandro Soberón Kuri
Chief Executive Officer

Mr. Víctor Manuel Murrillo Vega
Chief Financial Officer and Legal Representative

**Corporación Interamericana de Entretenimiento,
S. A. B. de C. V. and Subsidiaries**

Consolidated Statements of Income

December 31, 2011 and 2010

Thousands of Mexican pesos -Ps- (Note 2)

	<u>Year ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
Net sales (Note 6)	Ps 11,466,574	Ps 10,101,040
Cost of sales	<u>(9,073,329)</u>	<u>(7,697,922)</u>
Gross profit	2,393,245	2,403,118
Operating expenses	<u>(1,110,262)</u>	<u>(1,274,830)</u>
Operating income	1,282,983	1,128,288
Other expenses - Net (Note 15)	(85,320)	(172,138)
Comprehensive financing cost - Net (Note 11)	(603,634)	(549,635)
Effects of equity in earnings of associated companies	<u>57,689</u>	<u>39,639</u>
Income before income tax	<u>651,718</u>	<u>446,754</u>
Provisions (Note 12):		
Currently and deferred income tax	(379,601)	(274,663)
Currently and deferred flat tax	<u>(133,483)</u>	<u>(149,553)</u>
	<u>(513,084)</u>	<u>(424,216)</u>
Income before discontinued operations	138,634	22,538
Discontinued operations (Notes 1 and 14)	<u>(26,255)</u>	<u>86,266</u>
Consolidated net income for the year	<u>Ps 112,379</u>	<u>Ps 108,804</u>
Distribution of consolidated net income for the year:		
Majority interest	(Ps 162,090)	(Ps 166,780)
Minority interest	<u>274,469</u>	<u>275,584</u>
	<u>Ps 112,379</u>	<u>Ps 108,804</u>
Loss per share (figures in Mexican pesos) (Note 13)		
Basic before discontinued operations	(Ps 0.2428)	(Ps 0.4524)
Of the discontinued operations	<u>(0.0469)</u>	<u>(0.1542)</u>
Net loss per share	<u>(Ps 0.2897)</u>	<u>(Ps 0.2982)</u>

The accompanying eighteen notes are an integral part of these consolidated financial statements, which were authorized for issuance on April 16, 2012.

Mr. Luis Alejandro Soberón Kuri
Chief Executive Officer

Mr. Víctor Manuel Muriel Vega
Chief Financial Officer and Legal Representative

**Corporación Interamericana de Entretenimiento,
S. A. B. de C. V. and Subsidiaries**
Statement of Changes in Stockholders' Equity
(Note 10)

For the years ended December 31, 2011 and 2010

Thousands of Mexican pesos -Ps- (Note 2)

	Capital stock	Premium on subscription of shares	Deficit	Cumulative translation adjustment	Recognition of valuation of financial instruments	Majority stockholders' equity	Minority interest	Total stockholders' equity
Balance at December 31, 2009	Ps 4,056,758	Ps 91,331	(Ps 810,995)	(Ps 286,318)	Ps 1,798	Ps 3,052,574	Ps 2,399,470	Ps 5,452,044
Net change in minority interest restructuring (Note 10b.)			6,307			6,307		6,307
Change in minority interest							(30)	(30)
Dividends declared by subsidiaries							(219,432)	(219,432)
Comprehensive loss for the year			(166,780)	9,561	(4,471)	(161,690)	275,584	113,894
Balances at December 31, 2010	4,056,758	91,331	(971,468)	(276,757)	(2,673)	2,897,191	2,455,592	5,352,783
Change in minority interest (Note 11b.)							39,701	39,701
Dividends declared by subsidiaries							(412,825)	(412,825)
Comprehensive loss for the year			(162,090)	(57,655)	3,093	(216,652)	274,469	57,817
Balances at December 31, 2011	<u>Ps 4,056,758</u>	<u>Ps 91,331</u>	<u>(Ps 1,133,558)</u>	<u>(Ps 334,412)</u>	<u>Ps 420</u>	<u>Ps 2,680,539</u>	<u>Ps 2,356,937</u>	<u>Ps 5,037,476</u>

The accompanying notes are an integral part of these consolidated financial statements, which were authorized for issuance on April 16, 2012.



Mr. Luis Alejandro Soberón Kuri
Chief Executive Officer



Mr. Vitermanec
Chief Financial Officer and Legal Representative

**Corporación Interamericana de Entretenimiento,
S. A. B. de C. V. and Subsidiaries**
Consolidated Cash Flows Statements
December 31, 2011 and 2010

Thousands of Mexican pesos -Ps- (Note 2)

	Year ended on December 31,	
	2011	2010
<u>Operating activities</u>		
Income before income tax and after discontinued operated	Ps 625,463	Ps 533,020
Non-cash items		
Other unrealized items	18,947	(5,480)
Items related to investment activities:		
Depreciation and amortization	944,262	852,708
Long-lived asset impairment losses (Notes 7 and 15)	30,235	
Equity in earnings of associated companies	(57,689)	(39,639)
Interests receivable	(45,963)	(43,907)
Other	461,459	166,113
Items related to financing activities:		
Interest payable	552,333	591,056
Other	99,439	
Cash flow arising from income before tax	2,628,486	2,053,871
Decrease (increase) in accounts receivable	418,958	(70,237)
Decrease (increase) in inventories	(8,628)	3,245
Decrease (increase) in other receivables and other current assets	(112,543)	4,076
Decrease in suppliers	(182,299)	(637,856)
Increase (decrease) in other accounts payable	(131,765)	182,002
Tax on profits paid	(683,496)	(264,167)
Cash flows from operating activities	1,928,713	1,270,934
<u>Investment activities</u>		
Investments in associates	715,059	
Acquisitions of property, furniture and equipment	(352,104)	(628,696)
Investments in intangible assets and other unamortized assets	(290,850)	(274,494)
Interest earned	45,963	43,907
Other	26,977	163,463
Cash surplus to be applied in financing activities	2,073,758	575,114
<u>Financing activities</u>		
Financial loans obtained		120,000
Listened debt obtained		280,000
Amortization of bank loans	(654,951)	(25,272)
Amortization of listed debt		(552,080)
Dividends received from subsidiary companies	(412,825)	(219,432)
Interest paid	(508,226)	(587,419)
Other	(45,318)	
Net increase (decrease) of cash and cash equivalents	452,438	(409,089)
Cash and cash equivalents at the beginning of the year	1,242,247	1,651,336
Cash and cash equivalents at year end	Ps 1,694,685	Ps 1,242,247

The accompanying eighteen notes are an integral part of these consolidated financial statements, which were authorized for issuance on April 6, 2012.

Mr. Luis Alejandro Soberón Kuri
Chief Executive Officer

Mr. Víctor Manuel Murrillo Vega
Chief Financial Officer and Legal Representative

Corporación Interamericana de Entretenimiento, S. A. B. de C. V. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2011 and 2010

(Figures expressed in thousands of Mexican pesos -Ps-, Note 2)

Note 1 - Company activities:

Corporación Interamericana de Entretenimiento, S. A. B. de C. V. ("CIE" or "the Company") was incorporated on August 21, 1995 under Mexican laws for a period of 99 years.

CIE is the direct and indirect parent of, among others, the companies mentioned below, which are grouped into divisions engaged as follows:

CIE Entretenimiento (Entertainment) -

The production and promotion of live entertainment in Mexico, representation of artists and the sale of presentations by different artists, including concerts, theater productions, sports events, automobile events, ticket sales and sponsorship rights, the operation of venues, the sale of food and beverages, souvenirs and related merchandise.

CIE Comercial (Commercial) -

The sale of sponsorship advertising rights for events and entertainment venues, teleservices, marketing of advertising space on pedestrian overpasses, on-screen at movie theaters and at airports, novelty media applications to support promotion and advertising campaigns and the sale of rotational advertising space at Mexican professional soccer matches.

CIE Las Américas (Las Américas) -

Exploitation of a permit to operate up to 65 gaming room licenses, and to receive sporting bets in Mexico, remote booking centers and electronic numbers games. The operation of the largest Convention and Exhibition Center in Latin America, known as the Centro Banamex; the horse race track and bet-placing facilities; La Granja Las Americas, a theme park for children.

Other businesses -

Operating of an amusement park in Columbia, as well as of five radio stations in Argentina, which were sold in the first two-months period of 2010.

CIE has subsidiaries or permanent investments in the following countries: Mexico, Brazil, Colombia and the U.S.

In 2011 and 2010, CIE and its subsidiaries conducted the following significant operations:

On August 16, 2011, the Company announced signature of an option to buy for CODERE to acquire a majority interest in CIE las Américas. CIE's interest is to decrease from 51.0% to 15.2%. The agreement is subject to certain conditions at the closing and to signature of the definitive purchase/sale agreement, including approval of the Federal Competition Commission. CIE intends to assign the net resources arising from said transaction to payment of bank and stock-exchange liabilities. Note 18 sets out closing of this transaction.

Corporación Interamericana de Entretenimiento, S. A. B. de C. V. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2011 and 2010

- On May 4, 2011, the Company conducted an early amortization of the debt at a cost of Ps570.3 million. Said amortization was conducted with the net resources received from the public offer of T4F shares.
- On April 14, 2011, a partial divestment was conducted in South America, through a public offer of T4F shares. CIE has a minority interest in this company. In light of the above, CIE's 24% interest in this associated company was reduced to 9.8%.
- In April 2011, the Company shut down operations of the Wannado park located in the State of Florida, U.S., which ceased to be held by the Company.
- On December 1, 2010, through certain operations, OCEN acquired the minority interest in one of its subsidiaries (PEOSA), which, on November 30, 2010, decreed a capital stock reduction in cash of Ps4,950 with the cancellation of the 4,950 shares (OCEN does not share in said reduction), thus diluting the shareholding percentage of the Organización de Espectáculos de Occidente, S. de R. L. de C. V. (partner), following which, the 49 shares held by the minority partner were sold in cash.
- On June 16, 2010, AS DEPORTE (a subsidiary) ceased to pertain to the group, with Controladora Deportiva, S. A. de C. V.'s (minority partner) acquiring the shares held by OCEN (51%), through certain operations in which OCEN retains part of AS DEPORTE's operation (triathlons and races) in others of its subsidiaries (OCESA).
- On January 22, 2010, the Company sold the radio frequencies it operated in Argentina to a local investor. The resources in cash arising from transactions totaled US12 million. The Company will retain certain rights to sell air time in said frequencies at a six-year term.

Following are CIE's main subsidiaries, of which it has control and holds 50% or more shares.

<u>Company</u>	<u>Main activity</u>
<u>Entertainment:</u>	
Ocesa Entretenimiento, S. A. de C. V. (OCEN)	Holding company.
Operadora de Centros de Espectáculos, S. A. de C. V.	Holding company; manages entertainment venues, service provider and promotion of events.
Venta de Boletos por Computadora, S. A. de C. V.	Automated ticket sales.

Corporación Interamericana de Entretenimiento, S. A. B. de C. V. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2011 and 2010

<u>Commercial</u>	<u>Company</u>	<u>Main activity</u>
	Corporación de Medios Integrales, S. A. de C. V.	Holding company
	Publitol, S. A. de C. V.	Sale of advertising for display on pedestrian overpasses.
	Unimarket, S. A. de C. V.	Sale of rotational advertising for sports events.
	Make Pro, S. A. de C. V.	Advertising and sponsorship intermediary.
<u>Las Américas:</u>		
	Impulsora de Centros de Entretenimiento Las Américas, S. A. P. I. de C. V.	Holding company.
	Administradora Mexicana de Hipódromo, S. A. de C. V. (AMH)	Organizes live horse races and bet placing, as well as other gambling permitted by law.
<u>Amusement Parks:</u>		
	Grupo Mantenimiento de Giros Comerciales Internacional, S. A. de C. V.	Holding company
<u>International:</u>		
	CIE Internacional, S. A. de C. V.	Holding company; includes investment in shares or nonconsolidated subsidiaries located in Brazil.

Note 2 - Basis of preparation:

The accompanying consolidated financial statements at December 31, 2011 and 2010 have been prepared in compliance with the provisions of Mexican Financial Reporting Standards (NIF), for reasonable presentation of the Company's financial position. NIF establish that International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRS Interpretations and the Interpretations Committee (SIC) are supplementary part of NIF, when so required in the absence of a NIF. Consequently, in order to recognize, value and disclose particular transactions, the Company applies the following IAS on a supplementary basis, issued by the International Accounting Standards Board (IASB):

IAS-18 "Income from ordinary activities", in effect as from January 1, 1995. See Note 3 point p. The Company has prepared its statement of income classified by function, due to grouping its expenses in a general manner makes it possible to distinguish the different profit levels. Additionally, for better analysis of the financial situation, the Company has considered it necessary to show the operating profit separately in the statement of income, which is a common disclosure practice in the sector to which the Company belongs.

Corporación Interamericana de Entretenimiento, S. A. B. de C. V. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2011 and 2010

According with the provisions of NIF B-10 "Inflation Effects", the Mexican economy is not an inflationary environment, as the cumulative inflation for the past three years has not exceeded 26% in the most recent three year period (threshold to define that an economy should be considered as inflationary) define an economy as inflationary. Therefore, as of January 1, 2008, recognition of the effects of inflation on the financial information is no longer required (disconnection from inflationary accounting). Consequently, the figures of the financial statements at December 31, 2011 and 2010 are stated in historical Mexican pesos (Ps) modified by the cumulative effects of inflation on the financial information recognized up to December 31, 2007.

The inflation rates are as follows:

	<u>December 31</u>	
	<u>2011</u>	<u>2010</u>
Inflation for the year	3.82%	4.40%
Cumulative inflation over the past three years	15.19%	15.17%

The consolidated and unconsolidated subsidiaries in some South American countries, operate in an inflationary economic, (inflation in those countries has exceeded 26% over the past three years), as a result of which, at December 31, 2011 and 2010, the figures of these subsidiaries are shown in pesos of the purchasing power at that date rather than in modified historical pesos, as in the case of the consolidated and unconsolidated subsidiaries located in Mexico and other non inflationary economies.

At December 31, 2011 and 2010, these subsidiaries' assets represent 1.62% and 6.22% and income 1.89% and 2.5%, respectively, of consolidated assets and income.

In accordance with the provisions of NIF B-15, investments in foreign subsidiary and associated companies were converted to the reporting currency.

The Company has the following currencies:

<u>Type</u>	<u>Currency</u>
Recording	Mexican Pesos (Ps Mex)
Functional	Ps Mex
Reporting	Ps Mex

Beginning on January 1, 2011 the following NIF issued by the Mexican Financial Reporting Standards Board (CINIF by its Spanish acronym), have been adopted by the Company for the preparation of these financial statements.

NIF B-5 "Financial Information by Segments". It establishes the general rules for disclosing financial information by segments. Additionally it allows the user of such information to analyze the entity from the same approach as the Management as well as allows presenting information by segments more consistent with its financial statements.

Corporación Interamericana de Entretenimiento, S. A. B. de C. V. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2011 and 2010

NIF C-5 “Advanced payments”. It establishes the presentation and disclosure rules for advanced payments where its presentation in an item separate from current or non-current assets of the amounts disbursed under this concept is required.

NIF C-6 “Property, plant and equipment”. It establishes the valuation, presentation and disclosure rules for property, plant and equipment, when considered within the scope of this MFRS are such used for develop or maintain biological assets and of the extractive industry and the componentization of property, plant and equipment for depreciation effects. Enter into force from January 2012.

NIF C18 “Obligations associated to property, plant and equipment withdrawal”. It establishes the particular rules for initial and subsequent recognition of provisions related to obligations associated to property, plant and equipment components withdrawal.

Interpretation to NIF 19 “Change arising from the adoption of International Financial Reporting Standards (IFRS)”. It requires the disclosure of the company’s reasons to adopt such IFRS, the forecasted date and estimated amount of any significant effect this adoption would have on the company’s financial statements.

Improvements to NIFs 2011

NIF B-1 “Accounting changes and misstatement correction”. It establishes the rules for the presentation. in the balance sheet and statement of changes in stockholders’ equity, of the effects of the adjustments retrospectively recognized.

NIF B-2 “Cash flow statement”. It allows the optional presentation of the exceeding cash item to be applied in (obtained from) financing activities.

Bulletin C-3 “Accounts Receivable”. It establishes the rules for the recognition of interests derived from hard recovery accounts receivable.

NIF C-13 “Related parties”. Extends the definition of close relative as a Company’s related party.

Bulletin D-5 “Leasing”. It establishes, among other aspects: a) an implication and clarification of certain concepts to consider in the determination of the discount rate to be used by the lesser and lessee in the finance leasing; b) additional disclosures in finance leasing for lessor and lessee, and c) criteria for the determination of the gain or loss by sale and lease back.

Adoption of International Financial Reporting Standards (IFRS)

As from January 1, 2012, for preparation of its consolidated financial statements, the Company adopted the accounting framework established in international Financial Reporting Standards (IFRS), for compliance with the provisions established by the National Banking and Securities Commission and the provisions of INIF 19 “Change from adoption of International Financial Reporting Standards”. The effects of said adoption is in the process of quantifying and recording the effects of said adoption on the consolidated financial statements, and it has thus been concluded that it would be premature to estimate the monetary impact thereof at December 31, 2011, the date of the financial statements, due to the fact there could be changes arising from different recording options established in IFRS. Notwithstanding the above, the most significant change is expected to be in property, machinery and equipment, deferred taxes, employee benefits, other assets and in the different components of stockholders’ equity.

Corporación Interamericana de Entretenimiento, S. A. B. de C. V. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2011 and 2010

Note 3 - Summary of significant accounting policies:

The most significant accounting policies, which have been consistently applied in the reporting years, unless otherwise indicated, are summarized as follows.

NIF require the use of some critical accounting estimates in the preparation of the financial statements. Also Management judgement is required in the process of defining the Company's accounts policies.

Basis of consolidation and translation of financial statements of subsidiaries

- a. The consolidated financial statements include the accounts of the Company and of all the companies over which control is exercised. All significant intercompany balances and transactions have been eliminated in consolidation. Said consolidation was conducted based on the audited financial statements of the majority of the subsidiaries.

The financial statements of foreign subsidiaries are thus restated on the basis of the National Consumer Price Index (NCPI) or the equivalent index for the country in which each entity reports its operations, and are subsequently converted at the exchange rate in effect at the period close. The effects of changes in the applicable exchange rates are included directly in stockholders' equity as "Cumulative translation adjustment".

Cash and cash equivalents

- b. Cash and cash equivalents include cash balances, deposits and other highly liquid investments, with immaterial risks arising from changes in value.

Following is a breakdown of said balance:

	<u>Year ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
Cash	Ps 1,705	Ps 394
Bank deposits	154,842	153,722
Investments available on demand	<u>1,245,731</u>	<u>1,059,260</u>
Unrestricted total	1,402,278	1,213,376
Restricted cash	<u>292,407</u>	<u>28,871</u>
Total cash and cash equivalents	<u>Ps1,694,684</u>	<u>Ps1,242,247</u>

As a result of the restructuring of the debt, the Company is the trustor of the irrevocable guarantee trust and the source of payment with reversion rights. The purpose of this trust is to ensure the availability of cash to settle the long-term liabilities arising from the restructuring agreement. At December 31, 2010, the cash balance in this trust amounts to Ps670.

Corporación Interamericana de Entretenimiento, S. A. B. de C. V. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2011 and 2010

Additionally, at December 31, 2011 and 2010, restricted cash pertaining to the Entertainment division is maintained in the amount of Ps292,407 and Ps28,201, respectively, and corresponds to operations related to payment of talent for Aerosmith, Justin Bieber, Pearl Jam, Cirque Du Soleil in 2011 and U2 and Lady Gaga shows in 2010, which can be draw on once the events take place, and as per the terms of the corresponding agreements.

Investments available on demand are subject to different types of risk, the most significant of which are related to the market in which they operate, term-related interest rates, exchange rates and risks inherent to credit and market liquidity.

Derivative financial instruments

- c. All derivative financial instruments, classified as for trading purposes or market risk hedging, are recognized in the balance sheet at fair value.

Fair value is determined based on recognized market prices.

In cash flow hedges, the effective portion is temporarily shown in comprehensive income, under stockholders' equity and is reclassified to income when the position hedged affects income, the ineffective portion is immediately applied to income.

The Company ends hedge accounting when the derivative matures, has been sold, is cancelled or exercised; when the derivative does not reach high effectiveness levels to offset the changes in fair value or cash flows of the hedged item or when the Company decides to cancel the hedge designation.

In ending hedge accounting, in the case of cash flow hedging, the amounts accrued in stockholders' equity as part of comprehensive income, are recorded in equity until such time as the forecast transaction or firm commitment affect the income statement.

At December 31, 2011 and 2010, records of derivative financial instruments are composed as follows:

<u>Notional amount</u>	<u>Contract</u>	<u>Contracting date</u>	<u>Maturity date</u>	<u>Market value at</u>	
				<u>December 31,</u>	
				<u>2011</u>	<u>2010</u>
<u>Ps 24,016</u>	Swap	29-Feb-2008	19-Dec-2012	<u>Ps 420</u>	<u>(Ps2,673)</u>

To date, the Company has met all its obligations with respect to the current derivative financial instruments. If required, the Company could use internal sources and is not expected to require an external financial source.

Inventories

- d. At December 31, 2011 and 2010 the inventories are expressed at its historical cost determined through the average cost method. Values determined like this do not exceed its market value.

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Costs of future events and prepaid expenses

- e. Costs of future events and prepaid expenses include advances and deposits, payment of domestic and/or foreign artistic talent, prepaid advertising, gaming related investments to new projects, advertising and media sponsorship commissions, marketing and commercialization rights paid to Mexican professional soccer teams and other costs incurred to ensure future performances. Said costs are charged to income when the events take place.

Investment in shares of associated companies

- f. Permanent investments in associates are valued through the equity method, which consist in adjusting the share acquisition value determined with base on the purchase method, by the proportional portion of the comprehensive profit or loss and the distribution of the equity reimbursement profits subsequent to the acquisition date. Losses in associates are recognized in the corresponding portion, as follows: a) in the permanent investment until reaching zero balance; b) if there is any surplus after applying what is described in a) previous, this is recognized in until reaching zero balance; c) any surplus is recognized as a liability for the legal obligations or assumed in behalf of the associate; and d) any surplus of the losses is not recognized by the holding. The Company's shares in the associates results are presented separately in the income statement of 2011 and 2010.

Property, furniture and equipment

- g. The property, furniture and equipment are stated as follows: i) at their historical cost for acquisitions conducted subsequent to January 1, 2008 and ii) at their restated value determined by applying NCPI factors to their acquisition cost up to December 31, 2007 for acquisitions conducted up to December 31, 2007.

Depreciation is calculated by the straight-line method based on the estimated useful life of assets, as estimated by Company management, applied to the values of real property, furniture and equipment, including those acquired under capital leasing, in both years (see Note 7) or over the period during which the property is under concession. The values of said assets are subject to annual impairment testing.

Investments related to the "Las Américas" complex are amortized by the straight-line method over the concession periods, 25 years for the horse-racing operation and 50 years for the real estate operation.

Intangible assets

- h. Other assets represent intangible asset recognized in the balance sheet, as they are identifiable, provides future economic benefits and there is control over said benefits. Intangible assets with an indefinite useful life are not amortized, and intangible assets with a definite useful life are amortized systematically based on the best estimate of their useful life, determined as per expectation for future economic benefits. The value of these assets is subject to annual assessment of their recoverable value in order to determine possible impairment. See point k. below.
- i. Unamortized expenses are stated as mentioned in point g. above. Amortization is calculated by the straight line method, based on the useful lives of assets. The value of those assets is subject to annual impairment testing.

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- j. Trademarks and patents represent payments made for the right to the use thereof. These intangible assets are stated as mentioned in point g. above.

Amortization is calculated by the straight line method, based on the useful life of assets. The value of those assets is subject to annual impairment testing.

Impairment of Value of Long-Lived Assets

- k. The Company conducts annual impairment tests to identify, and if necessary, record, impairment losses and loss of value of long-lived tangible and intangible assets, including goodwill. At December 31, 2011, the Company recorded an impairment loss of 30,235, for certain subsidiaries. Those amounts are included in "other expenses" in the income statement (see Note 15).

Liabilities, provisions, contingent assets and commitments

- l. The Company's liabilities represent present obligations, and its liability provisions recognized in the balance sheet represent present obligations whose settlement will probably require the use of economic resources. These provisions have been recorded based on management's best estimate of the amounts needed to settle present liabilities; however, actual results could differ from the provisions recognized.

Deferred income tax and deferred Flat tax

- m. Deferred income tax and deferred flat tax are recorded by the comprehensive asset-and-liability method, which consists of recognizing deferred taxes on all temporary differences between the book and tax values of assets and liabilities expected to materialize over time. At December 31, 2011 and 2010, some of the subsidiaries recognized a deferred income tax or flat tax (IETU) (Impuesto Empresarial a la Tasa Única for its acronym in Spanish), as the financial and tax projections prepared by those subsidiaries show that they will essentially pay Income tax or IETU.

Note 12 includes an analysis of consolidated temporary differences at December 31, 2011 and 2010 on which deferred taxes were recognized.

Deferred Employees' Statutory Profit Sharing

- n. As from January 1, 2008, deferred Employees' Statutory Profit Sharing (ESPS) was recorded by the method described in point p. above, which considers whether or not the payment or application through recovery of these benefits to employees rendering future services is likely, for recording thereof.

The Deferred Employees' Statutory profit Sharing is presented in the income statement within other income and expenses.

Employee Benefits:

- o. The Company has no defined contributory benefit plans for its employees, except for those required under the Social Security laws.

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Direct short-term benefits (salary, overtime, vacation, holidays, leave of absence, etc.) are applied to income as they accrue and their corresponding liabilities are expressed at nominal value. Absences payable as per legal or contractual provisions are non cumulative.

Net Cost for the period of each employee-benefit plan is recognized as an operating expense in the year it accrues, which includes, among other aspects, amortization of the labor cost of past services and of prior years' actuarial gains (losses).

Items still unamortized at December 31, 2007, known as transition liabilities, which include the labor cost of past services and the unamortized pending actuarial gain (losses), are amortized as from January 1, 2008, over a five year term rather than the employee's average remaining working lifetime up to 2007.

Actuarial studies of employee benefits incorporate the expected career salary increase hypothesis.

Reconciliation between the initial and final balances of the defined benefit obligation's (OBD for its acronym in Spanish) present value for the 2011 period:

	Pension plan	Seniority Premium		Termination benefits	Total
		Retirement	Termination		
DBO at January 1, 2011	Ps 122,642	Ps 7,928	Ps 10,168	Ps 86,993	Ps 227,731
Labor cost	14,846	1,475	2,821	19,096	38,238
Financial cost	8,945	576	671	5,318	15,510
Benefits paid	(3,534)	(103)	(1,080)	(19,136)	(23,853)
Effect of early reduction of obligations	<u>(6,028)</u>	<u>(1,877)</u>	<u>(2,229)</u>	<u>(6,711)</u>	<u>(16,845)</u>
DBO expected at end of year	136,871	7,999	10,351	85,560	240,781
Actual DBO at end of year	<u>137,763</u>	<u>7,897</u>	<u>10,883</u>	<u>89,663</u>	<u>246,206</u>
Losses / (gains) at end of 2011 year	<u>Ps 892</u>	<u>(Ps 102)</u>	<u>Ps 532</u>	<u>Ps 4,103</u>	<u>Ps 5,425</u>

The value of benefit obligations acquired at December 31, 2011 and 2010 totaled \$162,764 and \$152,541, respectively.

Reconciliation of DBO and the Net Projected Liability (NPL)

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Following is a reconciliation between the present value of the DBO and the fair value of the fair value of the NPL recognized in the balance sheet.

	Pension plan	Seniority Premium		Termination benefits	Total
		Retirement	Termination		
A. Financial Position at December 31, 2011:					
DBO	(Ps 137,762)	(Ps 7,897)	(Ps 10,883)	(Ps 89,663)	(Ps 246,205)
Initial transition liability	967	99		33	1,099
Plan changes	1,432	177		1,806	3,415
Actuarial losses (gains)	<u>5,382</u>	<u>(195)</u>			<u>5,187</u>
Net projected liability	<u>(Ps 129,981)</u>	<u>(Ps 7,816)</u>	<u>(Ps 10,883)</u>	<u>(Ps 87,824)</u>	<u>(Ps 236,504)</u>
B. Financial Position at December 31, 2010:					
DBO	(Ps 122,642)	(Ps 7,929)	(Ps 10,168)	(Ps 86,993)	(Ps 227,732)
Initial transition liability	2,007	236		71	2,314
Plan changes	1,574	223		2,816	4,613
Actuarial losses	<u>3,285</u>	<u>(37)</u>			<u>3,248</u>
Net projected liability	<u>(Ps 115,776)</u>	<u>(Ps 7,507)</u>	<u>(Ps 10,168)</u>	<u>(Ps 84,106)</u>	<u>(Ps 217,557)</u>

Net cost for the period (NCP)

Following are the NCPs for two years per type of benefit:

	Pension Plan	Seniority Premium		Termination benefits	Total
		Retirement	Termination		
A. Components of cost for the 2011 period.					
Labor cost	Ps 14,846	Ps 1,475	Ps 2,821	Ps 19,096	Ps 38,238
Financial cost	8,945	576	671	5,318	15,510
Amortizations					
Initial transition liability	1,004	118		35	1,157
Plan changes	87	12		927	1,026
Actuarial gains	<u>(105)</u>	<u>(5)</u>			<u>(110)</u>
Subtotal net cost for the period	24,777	2,176	3,492	25,376	55,821
Effect of transfer, reduction and/or early settlement of obligations (income)	(7,039)	(1,764)	(2,229)	(6,625)	(17,657)
Cost resulting from immediate recognition of losses			532	4,104	4,636
Net cost for the period	<u>Ps 17,738</u>	<u>Ps 412</u>	<u>Ps 1,795</u>	<u>Ps 22,855</u>	<u>Ps 42,800</u>

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	Pension plan	Seniority Premium		Termination benefits	Total
		Retirement	Termination		
B. Components of cost for the 2010 period.					
Labor cost	Ps11,657	Ps 715	Ps 1,840	Ps13,289	Ps 27,501
Financial cost	8,790	397	679	4,626	14,492
Amortizations:					
Initial transition liability	967	118		245	1,330
Plan changes	96	12		2,281	2,389
Actuarial gains	<u>(739)</u>	<u>(141)</u>		<u>-</u>	<u>(880)</u>
Subtotal net cost for the period	20,771	1,101	2,518	20,442	44,832
Effect of transfer, reduction and/or early settlement of obligations (income)	(1,102)	(1)			(1,103)
Cost resulting from immediate recognition of losses			327	21,581	21,908
Net cost for the period	<u>Ps19,669</u>	<u>Ps1,100</u>	<u>Ps 2,845</u>	<u>Ps42,023</u>	<u>Ps65,637</u>

Main actuarial assumptions:

The actuarial hypotheses are assumptions used systematically, that allow for estimating the cost that will generate a plan for payment of deferred benefits. NIF D-3 requires that each actuarial hypothesis used to obtain the present value of benefits reflect the best estimate of future events, taking into account the current economic environment, assuming the plan will continue on indefinitely.

A continuación se muestra un resumen de las hipótesis económicas utilizadas en la valuación actuarial así como un comparativo con las utilizadas el año anterior.

	December 31,	
	2011	2010
1. Discount rate	7.50%	7.50%
3. Long-term inflation rate	3.50%	3.50%
4. Salary increase rate	4.50%	4.50%
5. Minimum salary increase rate	3.50%	3.50%

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The value of the OBD, as well as experience adjustments pertaining to the last four years are as follows:

	<u>Pension plan</u>	<u>Seniority premium</u>	<u>Termination benefits</u>	<u>Total</u>
A. Defined benefit obligations (DBO)				
2011	\$137,763	\$18,779	\$89,663	\$246,205
2010	122,642	18,096	86,993	227,731
2009	99,151	12,834	61,423	173,408
2008	99,293	12,588	66,299	178,180
B. Experience adjustments				
2011	0.65%	2.34%	4.80%	N/A
2010	9.22%	18.80%	32.09%	N/A
2009	(2.82%)	14.12%	(16.87%)	N/A
2008	(0.85%)	11.15%	9.54%	N/A

Revenue recognition

P. In general terms, revenue is recognized in the income statement when the services provided by the various companies are actually rendered. Following is an explanation of the main sources of income for each division:

Entertainment -

Sales of tickets to events are made in advance and recorded as liabilities (see point q.). On the date of the event, those sales are recorded as revenue in the income statement. Revenue from the sale of sponsorship rights is also recognized on the date of the event.

The Company charges the purchaser of automated tickets commissions and service fees for home delivery. These commissions and service fees are recognized as revenue upon issuance of the automated tickets. Revenue for advertising featured on tickets and in local entertainment guides is charged in advance; these fees are initially recorded as a liability and are recognized in the income statement as revenue by the straight-line method over the term of the agreement.

Revenue from the operation of live-entertainment venues arises mainly from advertising, concessions, the sale of food and beverages, and souvenirs, parking areas and other related businesses, such as rental of space for trade fairs and exhibitions organized by either the company or third parties which is recognized in the income statement, when events take place.

Commercial -

Revenue from teleservices and the different advertising operations is recognized in the income statement as services are rendered.

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Las Américas -

- Operation of the horse track, numbers-based games (yaks) and sports books (simulcasting).

Horse track revenue is mainly from wagering, entrance tickets, concession and advertising fees, as well as from TV and radio race simulcast, and commissions from off-track betting operations.

Revenue from sportsbooks and numbers-based game operations are primarily derived from the total amounts wagered, net of payoffs and withholding taxes, from fees charged by the Company on games (which are based on a percentage of the total amounts wagered), and from sales of food and beverage. The cost of sales includes fees for simulcast services which reduce the gross profit from the actual commission earned by the company from sportsbook operations.

In some cases does the Company no assume the financial risk arising from betting operations. Revenue and commissions on sports wagers are recognized in the income statement when the services are rendered to the wagerers and fees are paid.

- Organization and promotion of trade fairs and exhibitions, and special or corporate events

Revenue from promoting and organizing trade fairs and exhibitions arises from ticket sales, leasing the space for the exhibition, the sale of sponsorship rights and other types of advertising. Revenue is collected in advance and recognized as a liability in the balance sheet, this revenue is recorded in the income statement when the event takes place.

Revenue from special and corporate events arises from services charged to the host of the event, which is generally calculated on the basis of cost, plus a profit margin.

Amusement Parks -

Revenue from sales of tickets, food and beverage and merchandise is recognized at the time of the sale. Revenue from corporate sponsorships is recognized when the services are provided.

Allowance for doubtful accounts

Allowance for doubtful accounts is recognized based on studies conducted by Company management and is considered sufficient to absorb losses accordance with the policies of the Company.

Revenue from future events and advances from customers

- q. Revenue from future events represents income from future presentations and is recognized as income on the date of the presentation. Advance ticket sales and advance sales of sponsorships are recorded as revenue from future events until the event takes place.

Exchange gain (loss)

- r. Transactions in foreign currencies are initially recorded in the recording currency applying the exchange rates prevailing on the dates on which they are entered into and/or settled. Assets and liabilities denominated in such currencies are translated at the exchange rate prevailing on the balance sheet date. The exchange gain or loss arising from fluctuations in exchange rates between the

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transaction and settlement dates, or valuation at the period close are applied to the income as a component of the comprehensive financing result (RIF).

Stockholders' equity

- s. The various components that integrate the stockholders' equity are expressed as follows: i) movements done as of January 1, 2008, of historical cost and ii), movements done before January 1, 2008 of indexed values determined through the application to their originally determined values of factors derived from the NCPI up to December 31, 2007. See Note 10. Accordingly, the different stockholders' equity concepts are expressed at modified historical cost.

Comprehensive loss

- t. The comprehensive loss is represented by the net loss for the year, plus the translation adjustment arising in connection with foreign subsidiaries, and items required by NIF to be reflected in stockholders' equity but which do not constitute capital contributions, reductions or distributions. Comprehensive loss for 2011 and 2010 is stated in modified historical pesos.

Note 4 - Foreign currency position:

The figures shown in this note are stated in thousands of the respective currency. At December 31, 2011 and 2010, the Company and its subsidiaries had the following monetary assets and liabilities in foreign currencies:

<u>2011</u>	<u>U.S. dollars</u>	<u>Colombian pesos</u>	<u>Euros</u>
Assets	20,618	7,228,270	67
Liabilities	<u>(71,910)</u>	<u>(19,646,906)</u>	<u>(962)</u>
Short position - Net	<u>(51,292)</u>	<u>(12,418,636)</u>	<u>(895)</u>
<u>2010</u>	<u>U.S. dollars</u>	<u>Colombian pesos</u>	<u>Euros</u>
Assets	45,060	7,197,353	81
Liabilities	<u>(94,773)</u>	<u>(24,004,342)</u>	<u>(810)</u>
Short position - Net	<u>(49,713)</u>	<u>(16,806,989)</u>	<u>(729)</u>

The exchange rates were as follows:

	<u>Year ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
U.S. dollars	Ps 13.9476	Ps 12.3496
Colombian pesos	0.0048	0.0048
Euros	18.1040	16.5633

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At the date of issuance of the financial statements, the exchange rates were as follows:

U.S. dollars	Ps13.1568
Colombian pesos	0.0053
Euros	17.0776

The main foreign currency transactions carried out by the Company are summarized below. These transactions have been converted to U.S. dollars (USD), which is the currency most commonly used by the Company:

	<u>Year ended</u> <u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Service income	USD 12,918	USD 45,659
Other (expense) income - Net	(1,658)	858
Purchases	(95,776)	(93,355)
Operating expenses	(6,544)	(9,948)
Artistic talent	(97,407)	(64,999)
Interest earned (expense) - Net	(13)	(54)

Note 5 - Analysis of accounts receivable:

Accounts receivable are analyzed as follows:

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Customers	Ps1,423,638	Ps2,039,910
Recoverable income tax	38,154	106,698
Other receivables	533,073	307,211
Recoverable value added tax	290	559
Related parties	108,927	249,975
Allowance for doubtful accounts	<u>(88,293)</u>	<u>(73,237)</u>
	<u>Ps2,015,779</u>	<u>Ps2,631,116</u>

At December 31, 2011 and 2010 the company had no balance of said discounts.

For the year ended on December 31, 2011, the Company's main corporate executives received an aggregate total compensation of approximately Ps59,260. This amount includes benefits paid in the short and long-term, as well as retirement, seniority and severance payments.

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The main balances with related parties at December 31, 2011 and 2010 are as follows:

	<u>Year ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
<u>Minority shareholder</u>		
Purchases of advertising	Ps 39,844	Ps26,651
<u>Related people</u>		
Services received	<u>1,355</u>	<u>2,622</u>
	<u>Ps 41,199</u>	<u>Ps29,273</u>

Note 6 - Segment information:

CIE management has decided that the proper manner for controlling its business, from an administrative and operating standpoint, is by dividing it into five segments: Entertainment, Commercial, Las Americas, Amusement Parks, which better reflects the reality of the Company operations and allows for proper understanding of the different lines of business. Each of the divisions is handled by a group of executives, whose purpose it is to achieve the objectives set by the head office.

Information on net sales, operating income before depreciation and amortization, operating income and total assets pertaining to the five divisions is shown below:

	<u>Net sales</u>	
	<u>Year ended December 31,</u>	
<u>Division:</u>	<u>2011</u>	<u>2010</u>
Entertainment	Ps 4,815,765	Ps 3,628,613
Commercial and International	1,802,599	2,061,950
Las Américas	4,676,370	4,255,197
Other business	<u>171,840</u>	<u>255,280</u>
Consolidated total	<u>Ps 11,466,574</u>	<u>Ps10,101,040</u>
	<u>Operating income before depreciation and amortization</u>	
	<u>Year ended December 31,</u>	
<u>Division:</u>	<u>2011</u>	<u>2010</u>
Entertainment	Ps 505,418	Ps 466,174
Commercial	436,359	425,649
Las Américas	1,255,721	1,059,810
Other business	<u>29,748</u>	<u>29,363</u>
Consolidated total	<u>Ps 2,227,246</u>	<u>Ps1,980,996</u>

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	<u>Operating income</u>	
	<u>Year ended December 31,</u>	
<u>Division:</u>	<u>2011</u>	<u>2010</u>
Entertainment	Ps 348,133	Ps 296,605
Commercial	301,014	263,034
Las Américas	638,119	574,435
Other business	<u>(4,283)</u>	<u>(5,786)</u>
Consolidated total	<u>Ps 1,282,983</u>	<u>Ps 1,128,288</u>

	<u>Total assets</u>	
	<u>December 31,</u>	
<u>Division:</u>	<u>2011</u>	<u>2010</u>
Entertainment	Ps 2,443,173	Ps 2,381,157
Commercial	5,414,408	5,901,906
Las Américas	5,859,759	6,065,675
Other business	<u>491,034</u>	<u>1,098,333</u>
Consolidated total	<u>Ps 14,208,374</u>	<u>Ps 15,447,071</u>

Following is an analysis of net sales per geographic sector:

	<u>Year ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
Mexico	Ps 11,251,392	Ps 9,954,678
Colombia	187,512	146,362
United States	27,628	
Spain	<u>42</u>	
Total	<u>Ps 11,466,574</u>	<u>Ps 10,101,040</u>

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Note 7 - Analysis of property, furniture and equipment:

The investment in property, furniture and equipment is as follows:

	<u>December 31,</u>		Annual depreciation or amortization rate (%)
	<u>2011</u>	<u>2010</u>	
Buildings, mainly buildings at venues under concession and permits	Ps 5,155,548	Ps 5,281,492 ¹	
Leasehold improvements and improvements to venues under concession ²	1,989,805	1,890,632 ¹	
Electronic gaming terminals and Amusement park equipment and rides	619,330	539,762	2.5 to 10
Furniture and equipment	989,877	930,348	10
Computer and peripheral equipment	684,885	669,625	30
Billboards and related structural equipment	86,028	81,216	14 to 33
Transportation equipment	86,389	75,401	20 and 25
Radio and telephone communications equipment	88,818	81,277	10 and 8
Other assets	<u>670,256</u>	<u>633,738</u>	Sundry
	10,370,936	10,183,491	
Accumulated depreciation	<u>(4,372,680)</u>	<u>(3,765,381)</u>	
	5,998,256	6,418,110	
Construction in progress	<u>24,287</u>	<u>14,703</u>	
	<u>Ps 6,022,543</u>	<u>Ps 6,432,813</u>	

¹ Amortization and depreciation are computed in accordance with the terms of the lease agreements or concession.

² Includes a reserve for impairment of long-lived assets of Ps377,647 and Ps347,412 in 2011 and 2010.

At December 31, 2011, there were the following movements in property, furniture and equipment:

	Balances as December 31, 2010	Additions	Law	Impairment losses in the year	Depreciation	Balances as December 31, 2011
Property, furniture and equipment	<u>Ps6,432,813</u>	<u>Ps 776,353</u>	<u>(Ps 212,123)</u>	<u>(Ps 30,235)</u>	<u>(Ps 944,265)</u>	<u>Ps6,022,543</u>

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Note 8 - Analysis of unamortized expenses:

Following is an analysis of the main amounts corresponding to unamortized expenses.

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Preoperating expenses ¹	Ps 43,143	Ps 320,497
Intangible assets ²	141,354	191,613
Guaranty deposits	86,809	239,861
Prepaid in advance ²	105,891	77,983
Investment in research and development ³	-	58,861
Trademarks	35,449	35,449
Prepaid advertising - Net	13,855	28,403
Other assets ⁴	246,597	518,708
Deferred cost ²	<u>155,706</u>	<u>206,363</u>
	<u>Ps 828,804</u>	<u>Ps1,676,738</u>

¹ Up to December 31, 2010, the Company had unamortized expenses as a result of the strategy aimed at growth of the amusement parks division in prior years. The Company acquired a park located in Mexico City and launched the Wannado City concept in the U.S., an amusement park for children. Accordingly, the Company invested in a number of items to allow for startup of activities as per the operating standards established by CIE in its parks: i) internal and external costs related to the feasibility analysis of the projects and ii) costs related to business and non-compete agreements.

At December 31, 2011, unamortized expenses are identified as related to the operation of the amusement park in Colombia and to the live entertainment operation.

² Includes the costs involved in supervising the works prior to opening the gaming parlous for receiving sports bets and numbers based bets. Depreciation is calculated by the straight-line method over a ten to eighteen-year period, based on the number of years established in the lease agreements, depending on the nature thereof. This item also includes payment of labor liabilities assumed on behalf of the prior concessionaire, which are amortized over a 25-year period, insurance paid in advance, defined life assets expected to generate future economic benefits, which is restricted by a legal condition. These items are amortized by the straight-line method according to the duration of the agreement. The value of those assets is subject to annual impairment testing.

³ Up to December 31, 2010, research and development expenses included the intellectual property received as part of the capital contribution made by one of the strategic partners related to the amusement parks division. This intellectual property comprises the value assigned to the design of the amusement park features and to the related merchandise to be amortized on a straight-line basis after the official launching.

⁴ Up to December 31, 2010, the Company maintained other assets related to a series of investments in development projects that include related costs, both internal and external. Once the projects have been implemented, capitalized costs begin to be amortized.

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Also included are debt issue costs, such as legal fees, intermediation, issuance, printing, placement expenses, etc., as well as the premium or discount on the placement of shares, fees to commercialize air time on radio frequencies, systems and software licenses, artistic talent and exclusivity payments for handling of football stadiums and entertainment venues. Said items are amortized in the period during which the debentures are in circulation, in proportion to maturities thereof.

Note 9 - Breakdown of bank loans and stock exchange certificates:

In late 2011 and 2010, bank loans and stock exchange certificates payable by the Company amounted to Ps6,251,644 and Ps6,807,156, respectively.

	December 31,			
	2011		2010	
	<u>Short term</u>	<u>Long term</u>	<u>Short term</u>	<u>Long term</u>
Mexican Pesos:				
Scotiabank Inverlat ¹	Ps 30,290	Ps 52,500	Ps 7,500	Ps 82,500
Banco Inbursa ¹	210,425	364,858	52,123	573,347
Banamex ¹	562,297	961,520	234,060	1,422,660
Banamex ²			120,000	
Stock exchange certificates ¹	510,420	1,487,500		1,997,920
Stock exchange certificates ²			280,000	
Banco Inbursa ³	<u>200,000</u>	<u>997,592</u>	<u>200,000</u>	<u>997,592</u>
	<u>1,513,432</u>	<u>3,863,970</u>	<u>893,683</u>	<u>5,074,019</u>
Dollars:				
Credit Suisse ⁴	232,664	405,991	51,353	564,892
10-year bond ⁵		190,385		168,572
	<u>232,664</u>	<u>596,376</u>	<u>51,353</u>	<u>733,464</u>
Euros:				
Santander ⁶	<u>5,343</u>		<u>4,889</u>	<u>4,888</u>
Colombian Pesos, short and long term ⁷	<u>9,154</u>	<u>30,705</u>	<u>9,253</u>	<u>35,607</u>
Total bank and secured debt	<u>Ps1,760,593</u>	<u>Ps4,491,051</u>	<u>Ps959,178</u>	<u>Ps5,847,978</u>

¹ At the 2011 close, CIE has long-term loans in Mexico. The determination and payment of interest in regular 28-day periods are based on the TIIE rate, plus an applicable margin of 300 base points, with quarterly amortizations of capital as from December 2011, maturing in September 2014. The long-term traded notes known as Certificados Bursátiles, with a nominal value of Ps100, include three issues: i) October 2005 of 14,000,000 notes, ii) June 2008 of 6,500,000 notes, and iii) December 2006 of 5,000,000 notes. The above notes have quarterly capital amortizations as from December 2011 and expire in September 2014.

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- ² During December 2010, the Company contracted a short-term loan with Banamex in the amount of Ps120,000 and issued short-term unsecured debt instruments known as Certificados Busátiles with a nominal value of Ps100 each, the resources of which are to be used for partial prepayment of current Certificados Bursátiles. Both financings paid interest at regular 28-day periods, at an interest rate referred to the Average Interbank Interest Rate (TIIE), plus a 300 base-point applicable margin.
- ³ Loans contracted by Administradora Mexicana de Hipódromo, S. A. de C. V. with Banco Inbursa, S. A. on a monthly interest base and the TIIE as the base rate, plus the applicable margin, with the following characteristics. i) two loans contracted in June 2008 of Ps957,593, maturing in June 2015, with a sole amortization at maturity and an applicable margin of 220 base points, ii) a loan contracted in February 2009 of Ps40,000 maturing in June 2015 with a single amortization at maturity and an applicable margin of 400 base points, and iii) a Ps200,000 short-term revolving loan and an applicable margin of 500 base points, contracted in October 2011 and maturing in January 2012.
- ⁴ Corresponds to a loan of US\$45.8 million. Interest on this loan is determined considering the Libor reference rate, plus the applicable margin of 300 base points, with quarterly amortizations as from 2011, maturing in September 2014.
- ⁵ Unsecured bond issued in June 2005 in the amount of US\$200.0 million in international markets, maturing at a ten-year term. At December 31, 2010, this debt instrument's remaining balance is of approximately US\$13.7 million, equivalent to Ps190,385. Payment of the principal was at maturity. Semi-annual payment of coupons at an annual interest rate of 8.875%.
- ⁶ Remaining balance on loan contracted in the amount of €1.5 million in February 2008 with Santander by Unimarket S. A. de C. V. (a subsidiary), with semi-annual amortizations as from June 2008 and expiring in December 2012. Semi-annual payment of interest determined at the Euribor, plus 100 annual base points. The Company has contracted a derivative financial instrument that operates at the same contracting and expiration date as those of the loan, to reduce risks inherent to unusual movements in exchange rates. (See Note 3c.).
- ⁷ Remaining balance of unsecured loan in Colombian pesos for an original amount equivalent to Ps66,514, contracted with Colombian financial institutions by the subsidiary Reforestación y Parques, S. A. Interest is determined considering, in general terms, the average annual interest rate for fixed rate deposits, plus applicable margins of 500 base points.

As a result of the debt restructuring corresponding to points 1 and 4 above, the Company was required to comply with the following conditions; however, prior to December 31, 2011, consent was obtained from the bank and securities-market creditors, either to abstain or meet some of the conditions in question:

1. Conducting certain investments.
2. Make prepayments on debt.
3. Contract additional debt.
4. Make capital investments of up to the maximum amount established.

Under the agreements described in point (3), certain obligations to do and not to do were established, one of which establishes a minimum amount of stockholders' equity for the borrower, as well as for its main guarantor (CIE) during 2011, both company have complied with this obligation; however, a dispensation was obtained from the corresponding creditor.

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Note 10 - Stockholders' equity:

At December 31, 2011, the capital stock is represented by common nominative shares, with no par value and is analyzed as follows:

<u>Number of shares</u>	<u>Description</u>	<u>Amount</u>
30,955,386	Series "B" Class I shares, comprising the minimum fixed capital stock	
528,598,467	Series "B" Class II, shares comprising the variable capital stock	
559,553,853	Subtotal	
(223,040)	Unsubscribed shares held in treasury, corresponding to Series "B" Class II shares	
559,330,813	Capital stock subscribed and paid in	Ps3,398,401
	Accumulated restatement increase	<u>658,357</u>
	Capital stock at December 31, 2011	<u>Ps4,056,758</u>

a. Capital stock reduction -

In the event of a capital reduction, the procedures established in the Income Tax Law require that stockholders' equity in excess of the balance of the capital contributions account (CUCA) be accorded the same tax treatment as dividends, which is that reimbursements made be income tax free if paid out from the capital contributions account (CUCA). Capital reimbursements exceeding the CUCA are subject to 42.86% tax if paid in 2012. Tax incurred is payable by the company and may be credited against income tax for the period or of the following two periods or, if applicable, against flat tax for the period.

At December 31, 2011 and 2010, the Company has no CUFIN balance.

b. Restructuring of minority interest -

During 2010, one of the subsidiaries of the CIE Las Americas division generated a profit from dilution in a capital stock increase, representing a Ps6,307 profit for CIE. This profit was applied to stockholders' equity as a transaction between stockholders, as per the guidelines of NIF B-8 "Consolidated and combined financial statements".

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Note 11 - Comprehensive financing cost:

The comprehensive financing cost is comprised as follows:

	Year ended December 31,	
	<u>2011</u>	<u>2010</u>
Bank commissions	(Ps 45,317)	(Ps 43,771)
Interest expense - Net	(461,053)	(503,378)
Exchange loss - Net	<u>(97,264)</u>	<u>(1,886)</u>
Comprehensive financing cost - Net	<u>(Ps603,634)</u>	<u>(Ps549,035)</u>

Note 12 - Income tax and flat tax:

Income tax (IT) -

CIE and its subsidiaries do not consolidate for tax purposes. The difference between book and tax results is due mainly to the different timing treatments in which some items are included in the tax base or are deducted for book and tax purposes, as well as use of different methods and criteria for recognition of the effects of inflation for book and tax purposes.

At December 31, 2011 and 2010, CIE and some of its Mexican subsidiaries determined tax losses of Ps1,259,922 and Ps1,385,721, respectively. In the years ended December 31, 2011 and 2010, some subsidiaries determined, on an individual basis, tax profits of approximately Ps2,062,695 and Ps1,898,333, respectively. In 2011 and 2010, some of the subsidiaries amortized, either partially or entirely, prior years' tax losses of Ps773,416 and Ps819,753, respectively. At December 31, 2011, the Company and its subsidiaries have unamortized tax losses of Ps6,004,905 (Ps5,404,323 in historical pesos), which are subject to restatement, applying factors derived from the National Consumer Price Index up to the year in which they are amortized. The right to amortized tax losses of Mexican subsidiaries against future profits expires as follows:

<u>Year</u>	<u>Historical Losses</u>	<u>Restated Losses</u>	<u>Year ending</u>
2002	Ps 19,426	Ps 29,087	2012
2003	202,529	264,088	2013
2004	26,467	36,262	2014
2005	363,688	404,499	2015
2006	461,522	589,848	2016
2007	527,701	648,060	2017
2008	363,218	424,181	2018
2009	794,139	877,507	2019
2010	1,385,721	1,433,528	2020
2011	<u>1,259,922</u>	<u>1,297,845</u>	2021
	<u>Ps 5,404,323</u>	<u>Ps 6,004,905</u>	

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At December 31, 2011 and 2010, some foreign subsidiaries showed tax losses of Ps32,000 and Ps95,500, respectively.

The main temporary differences for which deferred income tax was recorded are analyzed as follows:

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Property, furniture and equipment - Net	(Ps 390,621)	(Ps 252,060)
Liability provisions and reserve for asset valuations	673,196	663,768
Unamortized expenses	(7,296)	(456,068)
Tax loss carryforwards of subsidiaries	6,004,405	4,133,067
Costs and revenues of future events - Net	(1,967,029)	(2,347,959)
Allowance for valuation of tax losses and other benefits	<u>(2,502,220)</u>	<u>(2,278,477)</u>
	1,810,435	(537,729)
Income tax rate	<u>30%</u>	<u>30%</u>
Deferred income tax Net	<u>Ps 543,130</u>	<u>(Ps 161,319)</u>

Flat tax (IETU - Impuesto Empresarial a Tasa Única, for its acronym in Spanish) -

Flat tax for 2011 and 2010 was calculated at the rate of 17.5% on profit determined on a cash flow basis. Said profit is determined by subtracting authorized deductions from total income arising from taxable operations. The so-called flat tax credits are subtracted from the foregoing result, as established in current legislation.

At December 31, 2011 and 2010, CIE and a number of its Mexican subsidiaries determined tax profits of approximately Ps3,993,441 and Ps3,072,196, respectively. At December 31, 2011 and 2010, CIE and some of its Mexican subsidiaries determined tax losses of Ps592,273 and Ps737,589, respectively. After applying the credits to 2011 and 2010 tax credits, the Company generated flat tax of Ps117,946 and Ps113,995, respectively. Book and tax results differ due mainly to the fact that for accounting purposes, transactions are recognized on an accrual basis, whereas for tax purposes, they are recognized on a cash flow basis and with respect to items only affecting book or tax income for the year.

One of the subsidiaries pertaining to the Entertainment division recorded deferred tax corresponding to temporary differences that will arise from determination of the income tax base, in spite of the fact that their financial and tax projections for the next few years show that they will essentially be paying flat tax instead of income tax. The foregoing based on the opinion of the Company's legal advisers.

In accordance with the current tax legislation, the Company is required to pay the greater of income tax and flat tax on an annual basis.

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At December 31, 2011 the right to amortize these losses of IETU of mexican subsidiaries against future income, expires as show below:

<u>Year of losses</u>	<u>Historical losses</u>	<u>Restated losses</u>	<u>Year ending December 31</u>
2008	Ps 104,097	Ps 112,557	2018
2009	165,221	168,955	2019
2010	<u>129,078</u>	<u>132,615</u>	2020
	<u>Ps398,396</u>	<u>Ps414,127</u>	

The principal differences at December 31, 2011 and 2010, for which deferred IETU was recorded, are analyzed as follows:

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Property, furniture and equipment	(Ps 73,717)	(Ps115,249)
Unamortized expenses and other assets	(40,800)	(36,290)
Accounts receivable and payable - Net	<u>349</u>	<u>11,601</u>
	(114,168)	(139,938)
Applicable IETU rate	<u>17.5%</u>	<u>17.5%</u>
	<u>(Ps 19,979)</u>	<u>(Ps 24,489)</u>

Note 13 - Loss per share:

Basic losses per share are calculated by dividing the majority net income for the year by the weighted average of common shares outstanding during the year. The weighted average of shares considered for the calculations in 2011 and 2010 was Ps559,330,813.

For the years ended December 31, 2011 and 2010, basic losses per share were (Pso.2897) and (Pso.2982), respectively.

Note 14 - Discontinued operations:

In April 2011, the Company shut down operations of the Wannado park located in the State of Florida, U.S., which ceased to be held by the Company.

On January 22, 2010, the Company sold the radio frequencies it operated in Argentina to a local investor. The resources in cash arising from transactions total US12 million. The Company will retain certain rights to sell air time in said frequencies at a six-year term.

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Following is the balance sheet corresponding to discontinued operation at December 31, 2010:

<u>Assets:</u>	<u>Amount</u>
Cash and cash equivalents	Ps 26,605
Accounts receivables	1,210
Inventory	<u>689</u>
Total current assets	<u>28,504</u>
Property, furniture and equipment	132,023
Deposit in guarantee	870
Pre-operating expenses	146,964
Other long term assets	<u>(138)</u>
Total other assets	<u>279,719</u>
Total assets	<u>Ps308,223</u>
 <u>Liabilities:</u>	
Current short term liabilities	Ps 2,305
Payable taxes	2,361
Deferred income	<u>135</u>
Total current liabilities	<u>4,801</u>
Long-term liabilities	<u>105,260</u>
Total liabilities	<u>Ps110,061</u>

Following is the statement of income corresponding to discontinued operations:

	<u>Year ended in December 31,</u>	
	<u>2011</u>	<u>2010</u>
Net sales	Ps 61	Ps92,678
Costs and expenses	(4,018)	(128,271)
Comprehensive financing cost	(537)	(50)
Other items - Net	<u>(21,761)</u>	<u>121,909</u>
(Loss) income arising from discontinued operations	<u>(Ps 26,255)</u>	<u>Ps 86,266</u>

Note 15 - Other expenses:

At December 31, 2011 and 2010, this line item shows income and expenses arising from incidental operations that are not RIF components, or equity in the results of associated companies. At December 31, 2011 and 2010, this line item was comprised by: impairment of property, furniture and equipment, fixed asset disposals, reserves for ESPS currently payable and deferred and other cleanup items.

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Note 16 - Commitments:

Following is a summary of the main commitments of CIE and its subsidiaries at December 31, 2011, classified per division:

Related to Entertainment:

Related to the operation of venue:

Venue	Maturity
Palacio de los Deportes (Mexico City) ^a	August 31, 2021
Foro Sol (Mexico City) ^a	August 31, 2021
Autódromo Hermanos Rodríguez (Mexico City) ^a	August 31, 2021
Auditorio Fundidora (Monterrey N.L.) ^b	2048
Teatro Metropolitano (Mexico City) ^a	December 31, 2021
Teatro Blanquita (Mexico City) ^a	October 31, 2012
Vive Cuervo Salón (Mexico City) ^a	May 14, 2013
Centro Cultural Telmex (Mexico City) ^b	Verbal agreement, Ocesa has not been regarding the possession and exploitation of the facilities.
Arena Vicente Fernandez (Tlajomulco de Zúñiga, Jalisco) ^a	August 8, 2020
Teatro de los Insurgentes (Mexico City) ^a	November 30, 2015
Teatro Polanco	August 31, 2015
Teatro Zentrika Santa Fe	February 23, 2016
Auditorio Plaza Condesa	March 1, 2019

^a For these venues, the Company is subjected for fixed monthly or annual compensation.

^b For these venues, the Company is subjected for variable compensation on the basis of income obtained from the operation thereof or from the activities conducted at said business spaces.

Other commitments

Company	Description/Maturity
National Association for Stock Car Auto Racing, Inc. (NASCAR)	Sales representation, serial NASCAR Corona Series/2013
Live Nation World Wide, Inc.	Tour promotion and service rendering/2013

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Related to Las Américas -

Venue/Agreement	Concept/Maturity
Hipódromo de las Américas	Operation and exploitation of live horse races and exploitation of real estate granted by the Federal Government/25 years for the horse-racing operation and 50 years for the real-estate operation
IGT Mexicana de Juegos, S. de R. L. de C. V.	Rights to lease the Class II betting system equipment (*)

(*) Under a fix or variable monthly payment in some cases.

Related to Amusements Parks -

El Salitre (Bogotá, Colombia)	The ride and attractions lease 2017.
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Operating lease agreement applicable to all divisions -

The Company has entered into a number of operating lease agreements for buildings, office equipment, etc. The Company recorded leasing costs of approximately Ps521,696 for the twelve-month period ended December 31, 2011.

The following table shows minimum future payments:

	<u>Amount</u>
2012	Ps 516,223
2013	526,984
2014	530,838
2015	<u>449,654</u>
	<u>Ps2,023,699</u>

Note 19 - Contingencies:

- a. In accordance with the provisions of the Income Tax Law, companies conducting operations with related parties resident in Mexico and abroad are subject to tax restriction and obligations as to the determination of agreed-upon prices, as they must be similar to those used with third parties in comparable operations.

In the event of an official review of said prices, the tax authorities could determine the amounts determined are not in line with the assumption provided in the law, and could demand payment of the tax and the corresponding restatement and surcharges, as well as fines of up to 100% of omitted taxes.

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- b. On December 31, 2011, a total of 420 lawsuits were brought against Corporación Interamericana de Entretenimiento, S. A. B. de C. V. (CIE) and a number of its subsidiaries at the Arbitration Board. It is estimated that these lawsuits can have a contingency of up to Ps139,000. CIE and its subsidiaries have a labor contingency reserve of approximately Ps12,800, which is considered to be sufficient.
- c. Servicios Compartidos en Factor Humano, S. A. de C. V. (SECOFAC) filed three appeals at the tax courts between June and July 2011, challenging a number of debts assessed by the Mexican Social Security Institute, representing welfare dues payable and fines of Ps5,200 (historical value). Said appeals are currently in process at the Metropolitan Regional Courts.
- d. On February 26, 2011, Operadora de Centros de Espectáculos, S. A. de C. V. (OCESA) received notice of the resolution issued by the Local Taxpayer Services Administration Office for the North of Mexico City, determining tax debts for OCESA in the amount of Ps4.9 million pesos, due to alleged omissions in payment of income tax, value added tax and flat tax, allegedly from failure to file the returns corresponding to February 2010. Said resolution was contested through an appeal filed at the Federal Tax and Administrative Court.
- e. Corporación Interamericana de Entretenimiento, S. A. B. de C. V. and its subsidiaries contract service providers specialized in security, cleaning, access control, production and other. In light of the recent amendments to the social security legislation, some of said subcontractors or service providers could exercise legal action in order for Corporación Interamericana de Entretenimiento, S. A. B. de C. V. and its subsidiaries to be considered as beneficiaries of said services and liable for possible social security contingencies.

To reduce said possibilities, the Company has remained vigilant to ensure that its service providers duly comply with the obligations to which they are subject. In addition, certain guarantees have been negotiated with them to cover damages arising from said possible actions not duly addressed by said service providers.

- f. OCESA is a party to litigation with respect to the lease agreement with the owner of the Orfeón Theater. OCESA invested Ps30,000 to remodel the theater. In the opinion of the Company's management and of OCESA's external legal advisors, and considering the fact that there no financial demands have been placed on the Company, the lawsuit is likely to be resolved in the Company's favor, as there have been no changes in the last two years in the status of the suit, which allows OCESA to conduct events at said venue, although management has decided to suspend any such events until such time as the a definitive ruling is handed down in the legal process.
- g. One of the subsidiaries filed an appeal against the administrative resolutions issued by the treasuries of the municipalities of Guadalajara and Zapopan, Jalisco, where a Tax on Public Events rate is determined. In the opinion of the subsidiary's management and its external legal advisers, there is every likelihood that subsidiary will be issued a favorable resolution.
- h. In August 2005, a former employee of the singer known as Belinda, by the name of Cal Camarillo Cesar, filed a lawsuit at the Arbitration Board against BMG de México, S. A. de C. V., Joymusic Entertainment, S. A. de C. V. Ignacio Peregrín Gutiérrez, Belinda Peregrín Schull, and in September 2005, extended his lawsuit to Operadora de Centros de Espectáculos, S. A. de C. V. (OCESA), Corporación Interamericana de Entretenimiento S. A. B. de C. V. and other CIE subsidiaries, demanding payment of Ps14,313.

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Further to the above, if the singer Belinda is unable to pay the benefits claimed, the subsidiaries of CIE could be required to pay said amount, considering that the latter benefited from the work of the actor party. The Company's external legal advisors have been conducted conciliation talks with the attorneys of the actor party, which require payment of Ps7,000 to reach an agreement.

It should be mentioned that OCESA has signed documentation whereby the co-respondent Joymusic Entertainment, S. A. de C. V. agrees to hold OCESA harmless from any lawsuit or claim filed by employees contracted by Joymusic Entertainment and the singer Belinda.

- i. In December 2007, the Colombian subsidiary Reforestación y Parques, S.A. (RyP) received notification, as interest party, of an appeal filed by Córdor, S.A. (CÓNDOR), an insurance company, against the Nation of Colombia and the Colombian Ministry of Finance (DIAN), against a resolution by which DIAN declared noncompliance on the part of RyP with the terms of the long-term importation regime (leasing) of mechanical rides, for failure to complete the regime and to pay import duties, an obligation guaranteed with an insurance policy issued to CÓNDOR. If the appeal is successful, RyP will be required to assume noncompliance with the long-term importation regime.
- j. On May 13, 2009, the tax authorities conducted an official review of RyP documentation to verify proper determination of the Tax on Gaming and Public Entertainment corresponding to the periods from January to December 2005, 2006, 2007, 2008, and January to April 2009. On September 15, 2009, an agreement was issued merging the tax on gaming and public entertainment and the fund for the impoverished, setting the rate at 10%. On October 29, 2009, the Department of Finance fined RyP for failing to declare and pay the tax. On December 11, 2009, the District Treasury Department issued an official statement demanding that RyP pay the tax on Gaming and Public Entertainment for 2005, 2006, 2007, 2008 and January to April 2009. On February 14, 2011, the Company filed an action for annulment and re-instatement of the right against the resolutions issued by the tax authorities. On June 9, 2011, RyP filed an appeal against the court order disallowing the temporary injunction.

In June 2009, the Colombian companies, Recrear LTDA (RECREAR) and Esparcimiento, S.A. (ESPARCIMIENTO) (former RyP stockholders), initiated arbitration proceedings against RyP and Grupo Mantenimiento de Giros Comerciales Internacional, S. A. de C. V. (MÁGICO), arguing, among other matters, noncompliance with the agreement for the purchase/sale of RyP shares, for failure to deliver the number of tickets agreed-upon to enter the water park, pay for the tickets in cash and as a subsidiary action, return 1,383 RyP shares to RECREAR and 928 RyP shares to ESPARCIMIENTO. On September 15, 2009, the arbitration procedures were contested. On February 2, 2010, the mediation hearing took place, without the parties being able to reach an agreement. Through arbitration, on September 20, 2010, it was determined that RyP is obligated to deliver the agreed-upon number of tickets, without having to pay money, or late-payment interest. RyP has delivered to RECREAR and ESPARCIMIENTO the tickets to Ciciaquaparque valid for a two-year term as from December 31, 2010. ESPARCIMIENTO demands delivery of the tickets, but with payment of damages.

- k. Promotora Turística de Guerrero, a public decentralized body (PROTUR) filed a lawsuit against Operadora Nacional de Parques Recreativos, S. A. de C. V. (ONPR), the Government of the State of Guerrero, the Municipality of Acapulco and public notary number 10 of the District of Tabares. ONPR was served process on November 27, 2009 and contested the lawsuit on December 9, 2009, PROTUR filed an appeal for the agreement to operate and manage the water park by the name of CICI to be voided, as well as for its restitution and possession, plus damages. The Government of the State of Guerrero has not yet been served process.

**Corporación Interamericana de Entretenimiento,
S. A. B. de C. V. and Subsidiaries**

Notes to the Consolidated Financial Statements

December 31, 2011 and 2010

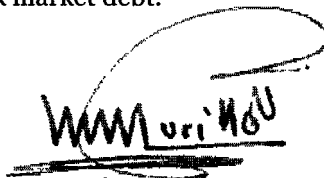
- l. On May 4, 2011, Opera Show was summoned to appear in court for the lawsuit filed by Jorge Javier Noble Gómez, who is claiming moral and capital damages from the unauthorized stage adaptation of the play “La Pulquería”, which ran in 1999.
- m. On January 30, 2012, Creatividad y Espectáculos, S. A. de C. V. (CREA) filed a lawsuit against Ernesto Raúl García Barberi for services paid and not rendered totaling Ps2,100. The lawsuit is in the admission process.

Note 18 - Subsequent event:

On February 9, 2012, the Company concluded the operation in which Codere, S. A. acquired an additional 35.8% interest in ICELA. This transaction totaled Ps2,653 million. Additionally, CIE deconsolidated the division's overall debt of approximately Ps1,200 million. The net resources of the transaction for CIE were assigned to early amortization of its bank and stock market debt.



Mr. Luis Alejandro Soberón Kuri
Chief Executive Officer



Mr. Víctor Manuel Murillo Vega
Chief Financial Officer and Legal Representative