Audit report

GESTEVISIÓN TELECINCO, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and Consolidated Management Report for the year ended
31 December 2010

AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Free translation from the original in Spanish. In care of conflict the Spanish version prevails)

To the Shareholders of GESTEVISIÓN TELECINCO, S.A.:

We have audited the consolidated financial statements of GESTEVISIÓN TELECINCO, S.A. (Parent company) and subsidiaries (the Group), which consist of the consolidated statement of financial position at 31 December 2010, the consolidated separate income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto for the year then ended. As explained in Note 2.1, the directors of the Parent are responsible for the preparation of the Group's consolidated financial statements in accordance with the International Financial Reporting Standards adopted by the European Union and other regulations regarding financial information applicable to the Group. Our responsibility is to express an opinion on the aforementioned consolidated financial statements taken as a whole, based upon work performed in accordance with the prevailing audit regulations in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the consolidated financial statements, and evaluation of whether the financial statements, the principles and criteria applied, and the estimates made, are in accordance with the applicable regulatory requirements regarding financial information. Our work did not include the audit of the financial statements of DTS Distribuidora de Televisión Digital, S.A. for 2010. This company's net carrying amount in the accompanying statement of financial position at 31 December 2010 is EUR 488 million. The aforementioned company's financial statements were audited by other auditors (Note 10) and our opinion in this audit report on the consolidated financial statements of GESTEVISIÓN TELECINCO, S.A. with regard to the amounts contributed by this company is based mainly on the audit report of the other auditors.

In our opinion, based on our audit report and the audit report of the other auditors, the accompanying 2010 consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and financial position of GESTEVISIÓN TELECINCO, S.A. and subsidiaries at 31 December 2010 and the consolidated results of its operations, changes in consolidated equity and consolidated cash flows for the year then ended, in conformity with the International Financial Reporting Standards adopted by the European Union and other applicable regulations regarding financial information.

The accompanying 2010 consolidated management report contains such explanations as the directors of GESTEVISIÓN TELECINCO, S.A. consider appropriate concerning the situation of the Group, the evolution of its businesses and other matters; however, it is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the aforementioned consolidated management report agrees with the consolidated financial statements for the year ended 31 December 2010. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the accounting records of GESTEVISIÓN TELECINCO, S.A. and its subsidiaries.

Gestevisión Telecinco, S.A.
and
Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2010, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and Directors' Report

Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2010 AND 2009

(Thousands of euros)

ASSETS	31/12/2010	31/12/2009
NON-CURRENT ASSETS		
Property, plant and equipment (Note 6)	49,177	48,533
Intangible assets (Note 7)	5,707	4,500
Audiovisual Property rights (Note 8)	264,864	193,988
Goodwill (Note 9)	537,080	-
Equity Method Investments (Note 10)	496,725	132,141
Non current financial assets (Note 11)	61,087	36,529
Deferred Tax Assets (Note 18.3)	154,049	108,215
Total non-current assets	1,568,689	523,906
Current Assets		
Inventories	11,710	6,571
Accounts receivables	270,457	182,003
Trade receivables for sales and services	263,021	187,183
Trade receivables from related parties (Note 25.1)	5,805	2,587
Sundry receivables	51	8
Employee receivables	132	86
Income Tax current assets (Note 19.3)	120	2,439
Other receivable from public authorities (Note 19.3)	1,328	5,660
Other current assets (Note 12)	13,666	10,910
Other current financial assets (Note 13)	28,489	5,136
Cash and cash equivalents (Note 14)	17,900	5,564
Total current assets	412,222	210,184
TOTAL ASSETS	1,980,911	734,090

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at 31 December 2010.

Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2010 AND 2009

(Thousands of euros)

EQUITY AND LIABILITIES	31/12/10	31/12/09
EQUITY (Note 15)		
Share Capital	203,431	123,321
Share premium	1,065,351	37,013
Share based payment reserves	12,781	11,491
Other reserves	412,868	318,403
Treasury shares	(84,746)	(60,734)
Reserves in associates	(231,506)	(140,780)
Recyclables Reserves in associates	(36,087)	(40,326)
Profit for the year attributable to the Parent	70,545	48,442
Total equity of the Parent	**1,412,637**	**296,830**
Minority Interests	(36,532)	(5,221)
Total equity	**1,376,105**	**291,609**
Non-current liabilities		
Long term provisions (Note 16)	**31,978**	**21,320**
Non-current liabilities (Note 17)	**73,853**	**90,936**
Total non-current liabilities	**105,831**	**112,256**
Current Liabilities		
Payable to related parties (Note 25.1)	**43,306**	**22,416**
Accounts payable for purchases and services	**230,526**	**102,570**
Accounts payable for audiovisual rights	**33,934**	**50,485**
Other non-trade payables	**132,906**	**96,224**
Bank borrowings	71,012	75,637
Government grants and other loans	328	396
Payables to public authorities (Note 19.3)	36,492	9,636
Payables for non-current asset acquisitions	4,694	1,233
Remuneration payable	20,356	8,137
Other borrowings	24	1,184
Short-term provision (Note 18)	**57,426**	**57,470**
Other current liabilities	**877**	**1,060**
Total current liabilities	**498,975**	**330,225**
TOTAL EQUITY AND CURRENT LIABILITIES	**1,980,911**	**734,090**

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement of financial at 31 December 2010.

Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED SEPARATE INCOME STATEMENT AT 31 DECEMBER 2010 AND 2009
(Thousands of euros)

	31.12.10	31.12.09
INCOME		
Revenue (Note 23.1)	837,801	633,555
Sales	848,070	630,113
Discount and volume rebates	(40,332)	(29,506)
Revenue from the rendering of services	30,063	32,948
Other operating incomes	17,260	22,705
Total operating income	**855,061**	**656,260**
EXPENSES		
Decrease in inventories of finished goods and work in progress	4,226	794
Procurements	234,656	181,243
Staff costs (Note 23.2)	89,884	79,541
Amortisation of audiovisual property rights	144,522	161,455
Depreciation and amortisation charge	7,967	7,202
Change in operating provisions (Note 23.3)	662	395
Other expenses (Note 23.4)	153,703	102,849
Total operating expenses	**635,620**	**533,479**
Profit from operations	**219,441**	**122,781**
Net finance income/expense (Note 23.6)	3,452	3,095
Exchange differences(Nota 23.7)	(393)	106
Result of companies accounted for using the equity method (Note 10)	(176,798)	(119,214)
Impairment losses of other financial assets (Note 11)	(9,245)	(5,025)
Gains (losses) on disposals of non-current assets	43	1,106
PROFIT BEFORE TAX	**36,500**	**2,849**
Income tax (Note 19.4)	(22)	(24,138)
Profit for the year	**36,522**	**26,987**
Attributable to:		
Shareholders of the Parent	70,545	48,442
Minority interests	(34,023)	(21,455)
Earnings per share (Note 24.1)	**0,17**	**0.20**
Diluted earnings per share (Note 24.2)	**0,18**	**0.20**

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at 31 December 2010.

Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2010 AND 2009
(Thousands of euros)

	31/12/2010	31/12/2009
PROFIT FOR THE YEAR	36,522	26,987
Change in fair value of available-for-sale financial assets		
Impairment losses recognised in equity (Note 11).	-	(5,025)
Income tax effect	-	1,508
Reclassifications to separate income statement (Note 11)	-	5,025
Tax effect	-	(1,508)
Components of other comprehensive income relating to companies accounted for using the equity method	10,851	15,776
TOTAL PROFIT FOR THE YEAR	47,373	42,763
Attributable to:		
Parent's shareholders	78,684	60,274
Minority interests	(31,311)	(17,511)

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at 31 December 2010.

Translation of consolidated financial statements issued in Spanish and in accordance with IFRS as adopted by the EU. In case of conflict the Spanish version prevails.

Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2010 AND 2009
(Thousands of euros)

	Share Capital	Legal Reserve	Share Premium	Treasury Shares	Share bases payment reserve	Reserves in associates	Recyclables reserves in associates	Other Reserves	Profit for the Year	Dividends	Total equity of the parent	Minority Interests	Total
Balance at 31/12/09	**123,321**	**24,664**	**37,013**	**(60,734)**	**11,491**	**(140,780)**	**(40.326)**	**293,739**	**48,442**	-	**296,830**	**(5,221)**	**291,609**
Components of other comprehensive income	-	-	-	-	-		8,138	-	-		**8,138**	2,713	**10,851**
Profit (Loss) for the year	-	-	-	-	-	-		-	70,545	-	**70,545**	(34,023)	**36,5252**
Total comprehensive income for the year	-	-	-	-	-		**8,138**	-	**70,545**	-	**78,684**	**(31,311)**	**47,373**
Distribution of profit for the year	-	-	-	-	-	(91,647)		91,649	(48,442)	-	(48,440)	-	**(48,440)**
Treasury shares	-	-	-	(24,012)	-	-		-	-	-	(24,012)	-	**(24,012)**
Capital increase	80,110	-	1,028,338	-	-	-		-	-	-	1,108,448	-	**1,108,448**
Share based payment	-	-	-	-	1,290	-		-	-		1,290	-	**1,290**
Other changes	-	-	-	-	-	921	(3.899)	2,816	-	-	(162)	-	**(162)**
Minority interests	-	-	-	-	-	-		-	-	-	-	(1)	**(1)**
Balance at 31/12/10	**203,431**	**24,664**	**1,065,351**	**(84,746)**	**12,781**	**(231,506)**	**(36.087)**	**388,204**	**70,545**	-	**1,412,637**	**(36,532)**	**1,376,105**

	Share Capital	Legal Reserve	Share Premium	Treasury Shares	Share bases payment reserve	Reserves in associates	Recyclables reserves in associates	Other Reserves	Profit for the Year	Dividends	Total equity of the parent	Minority Interests	Total
Balance at 31/12/08	**123,321**	**24,664**	**37,013**	**(57,813)**	**10,500**	**(7.239)**	**(52.158)**	**158,806**	**211,279**	-	**448,373**	**13,101**	**461,474**
Components of other comprehensive income	-	-	-	-	-		11,832	-	-	-	**11,832**	3,944	**15,776**
Profit (Loss) for the year	-	-	-	-	-			-	48,442	-	**48,442**	(21,455)	**26,987**
Total comprehensive income for the year	-	-	-	-	-		**11,832**	-	**48,442**	-	**60,274**	**(17,511)**	**42,763**
Distribution of profit for the year	-	-	-	-	-	(133,926)		134,933	(211,279)	210,272	(210,272)		**(210,272)**
Treasury shares	-	-	-	(2,921)	-	-		-	-	-	(2,921)		**(2,921)**
Share based payment	-	-	-	-	991	-		-	-	-	991		**991**
Other changes	-	-	-	-	-	385		-	-	-	385		**385**
Minority interests	-	-	-	-	-	-		-	-	-	-	(811)	**(0,811)**
Balance at 31/12/09	**123,321**	**24,664**	**37,013**	**(60,734)**	**11,491**	**(140,780)**	**(40.326)**	**293,739**	**48,442**	-	**296,830**	**(5,221)**	**291,609**

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at 31 December 2010.

Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOW AT 31 DECEMBER 2010 AND 2009
(Thousands of euros)

	31/12/2010	31/12/2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	36,500	2,849
Adjustment for:		
Amortisation of audiovisual property rights (Note 8)	144,522	161,455
Depreciation and amortization charge (Note 6 and 7)	7,967	7,202
Result of companies accounted for using the equity (Note 10)	176,798	119,214
Change in provisions for contingencies and charges	10,658	(42,545)
Proceeds from disposal of non current assets	(43)	(1,106)
Net finance income (Note 23.6)	(3,452)	(3,095)
Net exchange differences (Note 23.7)	393	(106)
Disposals other assets	2,634	3,503
Impairment of other financial assets	9,245	5,025
Profits from operations before changes in working capital	385,222	252,396
Change in operating assets and liabilities net of the impact of acquisition of new investments		
Inventories	4,271	653
Accounts receivable	14,032	15,006
Other current assets	4,831	(3,987)
Account payables	2,816	(6,071)
Other current liabilities	13,293	(17,899)
Change in provisions	(32,735)	8,965
Cash flows from operating activities	391,730	249,063
Taxes paid at sources	(25,190)	(15,737)
Net cash flows from operating activities (A)	366,540	233,326
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in property, plant and equipment (Note 6)	(7,566)	(3,267)
Investment in intangible assets (Note 7)	(2,524)	(1,907)
Investments in audiovisual property rights	(161,495)	(141,643)
Disposals of audiovisual rights	3,369	4,344
Disposals of non-current financial assets	2,051	182
Investments in subsidiaries	(532,094)	(60)
Investment in other non-current financial assets	(49,958)	(13,957)
Dividend received	1,015	1,790
Interest received	3,616	2,544
Net cash acquired in business combinations	37,805	0
Net cash flows from investing activities	**(705,781)**	(151,974)
CASH FLOW USED IN FINANCING ACTIVITIES		
Long term financing	(17,082)	30,905
Interest paid	(2,219)	(1,923)
Dividends paid (Note 15.2)	(48,440)	(210,272)
Short term Financing	(4,782)	75,637
Acquisition of treasury shares (Note 15.4)	0	(2,921)
Net increase in equity	493,707	
Net cash flows used in financing activities (C)	421,184	(108,574)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	**81,943**	**(27,222)**
NET FOREIGN EXCHANGE DIFFERENCE	**393**	**(106)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**82,336**	**(27,238)**
Cash and cash equivalents at beginning of the year (Note 12)	5,564	32,892
Cash and cash equivalents at end of the year (Note 12)	87,900	5,564

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at 31 December 2010.

1.Objects of the Gestevisión Telecinco, S.A. Group companies

GESTEVISIÓN TELECINCO, S.A. - PARENT

Gestevisión Telecinco, S.A. (the Company), domiciled at the Carretera de Fuencarral to Alcobendas No. 4, 28049 Madrid, was incorporated as a public limited company on 10 March 1989.

The Company is devoted to the indirect management of Servicio Público de Televisión, currently operated under four different channels: Telecinco, Siete, Factoria de Ficción, and Boing. The licenses to operate these channels were granted as follows:

- Based on the terms of the concession granted by the government as per the General Communications Secretary's resolution of August 28, 1989, as well as a concession contract ratified by public deed on 3 October, 1989, as well as the transactions resulting from these arrangements.

- This agreement was renewed for ten years from 3 April 2000 by virtue of a Council of Ministers' resolution dated March 10, 2000.

- A Council of Ministers' resolution of 25 November 2005 extended this concession agreement as well as those of other national concessionaires to include three DTT (digital terrestrial television) channels.

- A Council of Ministers' resolution of 26 March 2010 renewed this concession for an additional ten years. The Company has made all the investments required to start digital transmissions pursuant to Royal Decree 2169/1998, of 9 October, which approved the Spanish National Technical Plan for Digital Terrestrial TV. Without prejudice to the above and in conformity with Transitional Provision Two of the Audiovisual Law, on 3 May 2010 the Company requested that the concession be changed to a license to offer an audiovisual communication service. Under the Council of Ministers' resolution of 11 June 2010 the concession became a 15-year license to offer an audiovisual communication service. This license is automatically renewable for the same period provided the Company meets the requirements of Article 28 of the Audiovisual Law 7/2010, of 31 March.

- Since the analogical blackout on 3 April 2010 (when analogical broadcasts ended), and by virtue of Additional Provision Three of Royal Decree 944/2005 on 4 May 2010, the Company has access to a multiple digital license with national coverage, which increases the channels it manages to four.

Per Article 4 of its bylaws, the Company was incorporated for an indefinite period.

The Company was admitted for listing on the Stock Exchange on 24 June 2004 and its shares are traded on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. The shares were included in the IBEX-35 index on 3 January 2005.

(Thousands of euros)

The Company is head of a Group of subsidiaries making up the Telecinco Group ("the Group"). Consequently, Gestevisión Telecinco, S.A. is required to prepare, in addition to its individual financial statements, consolidated financial statements for the Group, which also include its investments in associates.

The consolidated Group companies are as follows:

Fully consolidated companies

	Country	2010	2009
Grupo Editorial Tele 5, S.A.U.	Spain	100%	100%
Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U.	Spain	100%	100%
Telecinco Cinema, S.A.U.	Spain	100%	100%
Publiespaña, S.A.U.	Spain	100%	100%
Conecta 5 Telecinco, S.A.U.	Spain	100%	100%
Mediacinco Cartera, S.L.	Spain	75%	75%
Canal Factoría de Ficción, S.A.U.	Spain	100%	100%
Atlas Media, S.A.U. (1)	Spain	100%	100%
Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U. (1)	Spain	100%	100%
MiCartera Media, S.A.U. (1)	Spain	100%	100%
Publimedia Gestión, S.A.U. (2)	Spain	100%	100%
Advanced Media, S.A.U. (2)	Spain	-	100%
Sociedad General de TV Cuatro, S.A.U. (4)	Spain	100%	-
Compañía Independiente de Noticias de Televisión, S.L. (4) (5)	Spain	100%	-
Sogecable Media, S.A.U. (4) (5)	Spain	100%	-
Sogecable Editorial, S.A.U. (4) (5)	Spain	100%	-

Companies accounted for using the equity method

	Country	2010	2009
Premiere Megaplex, S.A.	Spain	50%	50%
Pegaso Televisión, Inc	USA	44%	35%
Edam Acquisition Holding I Coöperatief U.A. (3)	Netherlands	33%	33%
Bigbang Media, S.L.	Spain	30%	30%
Producciones Mandarina, S.L. (1)	Spain	30%	27%
La Fábrica de la Tele, S.L. (1)	Spain	30%	30%
Publieci Televisión, S.A. (2)	Spain	-	50%
DTS, Distribuidora de Televisión Digital, S.A. (4)	Spain	22%	-

(1) The ownership interests in these companies are held through Agencia de Televisión Latino-Americana de Servicios de Noticias España, S.A.U. (Atlas España, S.A.U.).
(2) The ownership interests in these companies are held through Publiespaña, S.A.U.
(3) The ownership interest in this company is held through Mediacinco Cartera, S.L.
(4) Companies added to the Group in 2010.
(5) The ownership interests in these companies are held through Sogecuatro, S.A.

Changes in the consolidation scope during the year ended 31 December 2010.

- On 28 December 2010, Telecinco acquired 100% of the shares of Sociedad General de TV Cuatro, S.A.U. through a non-monetary capital increase. This company is the owner of the following companies: Compañía Independiente de Noticias de Televisión, S.L., Sogecable Media, S.A.U. and Sogecable Editorial, S.A.U. (Note 9).

- On the same date, the Company also acquired 22% of DTS, Distribuidora de Televisión Digital, S.A., which oversees the Prisa TV group's pay TV business, for EUR 487,988 thousand (Note 10).

- In July 2010, Telecinco capitalised 5,392 thousand US dollars (EUR 4,063 thousand) of loans to Pegaso, raising its investment in the company to 43.71% of its share capital.

- In the first quarter of 2010, the Company increased its ownership interest in Producciones Mandarina, S.L. temporarily to add a new partner. In this same period, Telecinco recovered a 30% stake in this company.

- On 26 March, Advanced Media, S.A.U., a wholly owned subsidiary of Publiespaña, S.A.U., was dissolved and liquidated. This dissolution and liquidation did not have significant effect on the consolidated financial statements.

- On 28 June, the investment in Publieci Televisión, S.A., also 50% owned by Publiespaña S.A.U., was sold for EUR 186 thousand. This amount was equal to the company's equity at the date of the transaction.

Changes in the consolidation scope during the year ended 31 December 2009.

- The subsidiary, Bigbang Media, S.L., formerly known as Telecinco Factoría de Producción, S.L.U. (sole shareholder company) at year-end 2008 was fully consolidated as it was entirely owned by the Company. On 26 January 2009 it underwent a change of name and a capital increase was carried out, in which the Parent did not take part. Therefore the Parent's ownership interest was reduced to 30% and since that date the company is consolidated using the equity method.

- On 30 September 2009 Gestevisión Telecinco, S.A. sold its 60% ownership interest held in Cinematext Media S.A. and consequently, its ownership interest in Cinematext Media Italia S.r.L., to Subtiling Media , S.L. for EUR 2,287 thousand, which generated a capital gain recognised on the disposal or impairment of other financial assets in the separate income statement of EUR 1,099 thousand.

SUBSIDIARIES

Subsidiaries are defined as companies over which the Parent has the capacity to exercise effective control, which is presumed to exist when the Parent owns directly, or indirectly half or more of the voting power of the investee.

1. Fully consolidated companies (wholly-owned by Gestevisión Telecinco S.A.)

<u>Grupo Editorial Tele 5, S.A.U.</u>

Grupo Editorial Tele 5, S.A.U. was incorporated in Madrid on 10 July 1991, and its registered office is at Carretera de Fuencarral a Alcobendas, nº 4, Madrid.

Its company object is to carry on, inter alia, the following activities which are complementary to operating a television channel: the acquisition and exploitation of phonogram and audiovisual recording rights, artistic representation, the promotion of events and the publishing, production, distribution and marketing of publications and graphic materials.

<u>Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U.</u>

Agencia de Televisión Latino-Americana de Servicios and Noticias España, S.A.U. were incorporated in Madrid on 21 January 1998. The company's registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

Its company object is to act as a news agency and, accordingly, it carries on journalistic activities for any public communication media: the written press, radio, television and audiovisual media in general. It also produces, records, executes and performs post-production activities and all other activities that are required to broadcast, in any format, news programmes and audiovisual programmes in general.

<u>Telecinco Cinema S.A.U.</u>

Digitel 5, S.A.U. was incorporated in Madrid on 23 September 1996. Its registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

In November 1999 the change of its corporate name from Dígitel 5, S.A.U. to Estudios Picasso Fábrica de Ficción, S.A.U. was registered at the Mercantile Registry.

In May 2007 the change of its corporate name to Producciones Cinematográficas Telecinco, S.A.U. was registered at the Mercantile Registry.

In November 2007 the change of its corporate name to Telecinco Cinema, S.A.U. was registered at the Mercantile Registry.

The company object includes mainly, although not exclusively, the provision of television broadcasting services through digital technology, research, development and commercialisation of new technologies related to telecommunications; any activity that might be required for television broadcasting, intermediation in the markets for audiovisual rights; organisation, production and broadcasting of shows or events of any kind.

Publiespaña, S.A.U.

Publiespaña, S.A.U. was incorporated on 3 November 1988. Its registered office is at Carretera de Fuencarral a Alcobendas, nº 4, Madrid.

The company's objects are as follows:

- The performance and execution of advertising projects and all manner of work relating to the commissioning, intermediation and dissemination of advertising messages in all possible forms, by means of any manner of broadcasting or communications media.
- The performance of activities relating directly or indirectly to marketing, merchandising, telesales and any other commercial activity.
- The organisation and production of cultural, sports, musical or any other events and the acquisition and exploitation, by any means, of all manner of rights relating thereto.
- The provision of advisory analysis and management services, using any procedure relating to the aforementioned activities.
- These activities may be performed fully or partially indirectly by the company, through equity investments in other companies with a similar object.

Conecta 5 Telecinco, S.A.U.

Europortal, S.A. was incorporated on 6 September 1999. On 14 October 1999, the company changed its name to Europortal Jumpy, S.A. Its registered office is at Carretera de Fuencarral a Alcobendas, nº 4, Madrid.

On 5 November 2007, its name was changed to Conecta 5 Telecinco, S.A.U.

Its company object is the exploitation of audiovisual content on the Internet.

Mediacinco Cartera, S.L. (75% owned)

Mediacinco Cartera, S.L.U. was incorporated on 13 April 2007. Its registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

Its company objects are:

a) The investment through acquisition, subscription, assumption, disbursement, ownership, transfer, disposal, contribution and charging of Marketable Securities, including shares and other equity investments in companies and joint property entities, company subscription rights, exchangeable and non-exchangeable debentures, commercial bonds, "rights" bonds, fixed-income and equity securities, irrespective of whether or not they are on the official stock exchanges and government debt securities, including treasury bills and promissory notes, bills of exchange and certificates of deposit, all in accordance with the applicable legislation.

b) The provision of accounting, financial, tax, civil law, corporate law, labour law and administrative law administration, management and advisory services to other companies in which it has direct or indirect ownership interests.

<u>Canal Factoría de Ficción S.A.</u>

Canal Factoría de Ficción, S.A. was incorporated on 2 November 2000, establishing its registered address in Madrid, Carretera de Fuencarral a Alcobendas km 12,450.

The company is engaged in:

a) The production and distribution of all types of audiovisual programs and products, in any technical support format produced either by the Company itself or by third parties; in particular, the production of television programs as well as their structuring and/or total or partial inclusion in television channel programming.

b) The marketing and advertising of audiovisual as well as related products.

c) The management of audiovisual companies.

d) The preparation of studies and reports on matters relating to the above or related activities as well as the provision of consulting and advisory services.

Sociedad General de TV Cuatro, S.A.U.

Sociedad General de TV Cuatro, S.A.U. was included in the Telecinco Group's consolidation scope on 28 December 2010.

This company began operating on 12 February 2010. It was created following the contribution by Prisa TV, S.A.U. of the assets and liabilities of the free-to-air television business of Prisa TV, S.A.U., in addition to its investments in Compañía Independiente de Noticias de Televisión, S.L., Sogecable Media, S.A.U. and Sogecable Editorial, S.A.U. This contribution took effect for accounting purposes on 1 January 2010. Sociedad General de TV Cuatro, S.A.U's registered office is at Avenida de los Artesanos, 6, Tres Cantos (Madrid).

The company object includes the indirect management of public service television under the terms of its service concession arrangement.

2. Fully consolidated companies (wholly-owned through Agencia de Televisión Latino-Americana de Servicios de Noticias España, S.A.U.)

Atlas Media, S.A.U.

Agencia de Televisión Latino-Americana de Servicios y Noticias Cataluña, S.A.U. was incorporated on 22 December 1997. Its registered office is in Sant Just Desvern, at C/Bullidor s/n.

On 28 May 2004, the company's sole shareholder, Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U., resolved to change the company's corporate name to Atlas Media, S.A.U.

Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U.

Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U. was incorporated in Bilbao on 16 July 1998. Its registered office is in Bilbao, at Ribera de Elorrieta, pab. 7-9, Vizcaya.

The object of both this and the preceding company is to act as a news agency and, accordingly, they carry on journalistic activities for any public communication media, the written press, radio, television and audiovisual media in general.

Mi Cartera Media, S.A.U.

Mi Cartera Media, S.A.U. was incorporated in Madrid on 15 February 2001. The company's registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

This company's object is the multimedia exploitation of economic and financial formats and content.

3. Fully-consolidated companies (wholly-owned through Publiespaña, S.A.U.)

Publimedia Gestión, S.A.U.

Publimedia Gestión, S.A.U. was incorporated in Madrid on 23 November 1999. The company's registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

The company's objects are as follows:

a) The creation, acquisition, production, co-production, editing, filming or recording, reproduction, broadcasting, dissemination, distribution, marketing and, in short, operation by any means of all manner of audiovisual, written or electronic works or recordings, together with the rights relating thereto.

b) The performance and creation of advertising projects and work relating to the commissioning, intermediation and dissemination of advertising messages in all possible forms, by means of any manner of broadcasting or communications media.

c) The direct or indirect creation, acquisition, marketing and exploitation, by any means, of brands, patents and any other type of intellectual property or rights of publicity, and of any objects, models or methods that are capable of being used as a support for the exploitation of the above-mentioned rights.

d) The performance of activities relating directly or indirectly to marketing, merchandising or any other commercial activity.

e) The organisation and production of cultural, sports, musical or any other event and the acquisition and exploitation, by any means, of all manner of rights relating thereto.

f) The provision of advisory, analysis and management services, using any procedure, relating to the aforementioned activities.

4. Fully-consolidated companies (wholly-owned through Sociedad General de TV Cuatro, S.A.U)

Compañía Independiente de Noticias de Televisión, S.L.U.

Compañía Independiente de Noticias de Televisión, S.L.'s registered office is at Avenida de los Artesanos, 6, Tres Cantos (Madrid).

Its company object includes the production, distribution and marketing of a television news channel in any of Spain's official languages.

(Thousands of euros)

Sogecable Media, S.A.U

Sogecable Media, S.A.U was incorporated on 10 October 2005 to manage the sale of advertising through CUATRO's audiovisual media, Prisa TV's theme channels on DIGITAL+ and the *DIGITAL+* magazine. Its registered office is at Avenida de los Artesanos, 6, Tres Cantos (Madrid).

Sogecable Editorial, S.A.U

Sogecable Editorial, S.A.U's registered office is at Avenida de los Artesanos, 6, Tres Cantos (Madrid).

The company's object includes the following activities, which are complementary to operating a television channel:

a) the acquisition and exploitation of sound and audiovisual recording rights,

b) the representation of artists,

c) the promotion of shows and

d) the edition, production, distribution and marketing of publications and graphic material

ASSOCIATES OF GESTEVISIÓN TELECINCO, S.A.

Associates are companies over which the Company is in a position to exercise significant influence, which is presumed to exist when an investment of at least 20% is held, but not control or joint control.

1. Direct ownership through Gestevisión Telecinco, S.A.

Company	2010	2009	Line of business
Premiere Megaplex, S.A. C/ Enrique Jardiel Poncela, 4 28016 Madrid	50%	50%	Operation of cinemas
Pegaso Televisión Inc. 1401 Brickell Avenue – Ste 500 Miami, Florida	43,7%	35%	Channelling of the investment in Caribevisión Network, a TV broadcaster on the east coast of the US and in Puerto Rico
Bigbang Media, S.L. C/ Almagro,3 28010 Madrid	30%	30%	Production and distribution of all classes of audiovisual programs and products in any support format
DTS, Distribuidora de Televisión Digital, S.A. (*) Avda de los Artesanos, 6 28760 Tres Cantos, Madrid	22%	-	Indirect management of pay TV service

(*) Acquired on December 25, 2010

(Thousands of euros)

2. Indirect ownership through Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U.

Company	2010	2009	Line of business
Producciones Mandarina, S.L. C/ María Tubau, 3 28050 Madrid	30%	27%	Creation, development, production and commercial exploitation of audiovisual content
La Fabrica de la Tele, S.L. C/ Angel Gavinet, 18 28007 Madrid	30%	30%	Creation, development, production and commercial exploitation of audiovisual content

3. Indirect ownership through Publiespaña, S.A.U.

Company	2010	2009	Line of business
Publieci Televisión, S.A. C/ Hermosilla, 112 28009 Madrid	-	50%	Sale of products and services targeted at the end consumer

4. Indirect ownership through Mediacinco Cartera, S.L.

Company	2009	2008	Line of business
Edam Acquisition Holding I Coöperatief U.A. Flevolaan 41 a 1411 KC Naarden Ámsterdam	33%	33%	Channelling of the investment of the consortium formed by Goldman Sachs Capital Partners, Cyrte Fund II B.V. and Mediacinco Cartera S.L. in Endemol N.V., a company engaging in the creation, production and exploitation of content for television and other audiovisual platforms.

These companies are accounted for using the equity method, since the Group is not a majority shareholder and does not exercise control.

None of these companies is publicly listed.

In accordance with what is established in the Spanish Corporation Law, the Parent has duly notified the investees of its acquisition of their share capital. It has no commitments which could lead to contingent liabilities with respect to these companies.

2. Basis of presentation and comparability of the consolidated financial statements

2.1. Fair presentation and conformity with International Financial Reporting Standards

The Group's consolidated financial statements for 2010 were formally prepared:

- By the directors, at the Board of Directors Meeting held on 23 February 2011.
- In accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council.
- Taking into account all the mandatory accounting policies and rules and measurement bases with a material effect on the consolidated financial statements, as well as the alternative treatments permitted by the relevant standards in this connection, which are specified in these Notes to the consolidated financial statements.
- The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available for sale financial assets that have been measured at fair value.
- So that they present fairly the Group's consolidated equity and financial position at 31 December 2010 and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.
- On the basis of the accounting records kept by the Company and by the other Group companies.

The company is the parent company of a Group and in accordance with International Financial Reporting Standards adopted by the European Union it is required to prepare a set of consolidated financial statements under IFRS-EU as it is a listed group.

Since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2010 and 2009 (IFRSs) are not exactly the same as those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with the International Financial Reporting Standards adopted by the European Union.

The 2010 consolidated financial statements of the Group and the 2010 financial statements of the Group companies have not yet been approved by their shareholders at the respective Annual General Meetings; they are expected to be approved without modification.

The statement of comprehensive income is presented in two statements; one which presents the components of income (Separate Income Statement) and a second statement which presents the components of comprehensive income (Statement of Comprehensive Income).

The consolidated separate income statement is presented on the basis of the nature of expenses.

The consolidated cash flow statement is presented using the indirect method.

At the date of authorisation for issue of these consolidated financial statements, the Group had applied all the mandatory IFRSs and interpretations adopted by the European Union (IFRS-EU) and in force for annual periods beginning on or after 1 January 2010.

2.2. Changes in accounting policies

a) Standards and interpretations adopted by the European Union applicable in 2010

The accounting policies applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2010 are consistent with those applied in the Group's consolidated financial statements for the year ended 31 December 2009, except for the application of the new EU-adopted standards and interpretations, which came into effect on 1 January 2010. The impact of this new legislation on the consolidated financial statements is summarised below:

- IFRS 2 *Share Based Payment - Group Cash-Settled Share-Based Payment Transactions*

  The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

- IFRS 3 *Business Combinations (Revised) and IAS 27 Separate and Consolidated Financial Statements (Amended)*

  IFRS 3 (Revised) introduces significant changes in the accounting for business combinations. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages.

  IAS 27 (Amended) established the circumstances under which an entity must prepare consolidated financial statements, how parents must account for changes in the ownership interest in subsidiaries, and how a subsidiary's losses must be distributed between the controlling and non-controlling interests.

- IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*

  The amendment clarifies that an entity may designate a portion of the changes in fair value or the changes in cash flows of a financial instrument as a hedge. It also addresses the designation of inflation as a hedged risk or portion in particular situations. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

- IFRIC 12 *Service Concession Arrangements*

  The interpretation clarifies the application of IFRS principles accepted by the Commission to service concession arrangements. IFRIC 12 sets out general principles on recognising and measuring the obligations and related rights in service concession arrangements. It also clarifies the differences in the distinct phases of these service agreements (construction/operation), as well as how to account for revenue and costs relating to them. It distinguishes between the two ways to recognise the infrastructure and the related revenue and costs (financial assets and intangible assets), based on the uncertainty risk affecting the concessionaire's future income. No group company has carried out these types of transactions. Therefore, the adoption of this interpretation did not have any impact on the financial position or performance of the Group.

- IFRIC 15 *Agreements for the Construction of Real Estate*

  The interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 *Construction Agreements* or IAS 18 *Revenue* and, accordingly, when revenue from the construction should be recognised. The adoption of this interpretation did not have any impact on the financial position or performance of the Group.

- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*

  This interpretation must be applied prospectively. IFRIC 16 provides guidance on the accounting of a hedge of a net investment in a foreign operation. It provides guidance on identifying the foreign currency risks that qualify as a hedged risk in the hedge of a net investment in a foreign operation, on where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting, and on how an entity should determine foreign exchange differences regarding the net investment in the foreign operation and the hedging instrument, which should be reclassified from equity to profit or loss on disposal of the net investment in the foreign operation. The adoption of this interpretation did not have any impact on the financial position or performance of the Group.

- IFRIC 17 *Distributions of Non-cash Assets to Owners*

  This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or dividends. The adoption of this interpretation did not have any impact on the financial position or performance of the Group.

- IFRIC 18 Transfers of Assets from Customers

  The interpretation clarifies and offers guidance on the recognition of transfers of items of property, plant and equipment from customers or cash to acquire or construct an item of property, plant and equipment. The adoption of this interpretation did not have any impact on the financial position or performance of the Group.

- Improvements to IFRSs issued May 2008

  In May 2008, the IASB issued its first omnibus of amendments to its standards within the framework of an annual process of improvements aimed at removing inconsistencies and clarifying certain standards. All the amendments were adopted at 31 December 2009 apart from the following:

  - IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies when a subsidiary is classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. This amendment is applied prospectively and did not have any impact on the financial position or performance of the Group.

- Improvements to IFRSs issued April 2009

  In April 2009 the IASB issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

  - IFRS 8 *Operating Segments*: Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief decision maker. Advertising sales is the only operating segment identified in the Group.

  - IAS 7 *Statement of Cash Flows*: Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment did not have any impact on the presentation in the statement of cash flows.

  - IAS 36 *Impairment of Assets*: The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment did not have any impact on the Group.

Other amendments resulting from Improvements to IFRSs issued in April 2009 to the following standards that did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRS 2 *Share-based Payment*
- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*:
- IAS 1 *Presentation of Financial Statements*
- IAS 17 *Leases*
- IAS 38 *Intangible Assets*
- IAS 39 *Financial Instruments: Recognition and Measurement*
- IFRIC 9 *Reassessment of Embedded Derivatives*
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*

b. Standards and interpretations adopted by the European Union but not mandatory in 2010

The Group has not early adopted any standard, interpretation or amendment issued but not effective.

The Group is evaluating the effect that the following standards and interpretations issued by the IASB and adopted by the European Union but not applicable might have on the accounting policies, financial position or performance of the Group:

- IAS 32 *Classification of Rights Issues:* Effective for annual periods beginning on or after 1 February 2010;

- IAS 24 *Related Party Disclosures*: Effective for annual periods beginning on or after 1 January 2011;

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*: Effective for annual periods beginning on or after 1 July 2010;

IFRIC 14 *Prepayments of a Minimum Funding Requirement:* Effective for annual periods beginning on or after 1 January 2011.

c. Standards and interpretations issued by the IASB but not approved by the European Union

At the date of publication of these consolidated financial statements, the following IFRSs and amendments had been issued by the IASB but were not mandatory and had not been approved by the EU:

- IFRS 9 *Financial Instruments*: Effective for annual periods beginning on or after 1 January 2013;

- Improvements to IFRS (May 2010): Applicable for annual periods beginning on or after 1 January except for amendments to IFRS 3 (2008) regarding measurement of non-controlling interests and share-based payment awards and amendments to IAS 27 (2008) and IFRS 3 (2008) regarding contingent consideration that arose from business combinations whose acquisition dates precede the application of amended standards effective for annual periods beginning on or after 1 July 2010;

- Amendment to IFRS 7 *Disclosures About Transfers of Assets* Effective for annual periods beginning on or after 1 July 2011;

- Amendment to IAS 12 *Deferred Tax - Recovery of Underlying Assets*: Effective for annual periods beginning on or after 1 January 2012.

The Group is currently analysing the impact of the application of these standards and amendments.

Based on the analyses made so far, the Group estimates that their application will not have a significant impact on the consolidated financial statements in the initial period of application. However, changes introduced by IFRS 9 will affect financial instruments and future transactions with financial instruments taking place on or after 1 January 2013.

2.3. Responsibility for the information and use of estimates

The information in these financial statements is the responsibility of the Company's directors.

In preparing the Group's consolidated financial statements for 2010, certain estimates and assumptions were made on the basis of the best information available at 31 December 2010 on the events analysed. However, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated income statements.

Estimates and assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recognized in the period in which the estimates are changed if they affect only that period or in the period of the changes and future periods if they affect both current and future periods. The main hypothesis and assumptions regarding future events and other uncertain sources of estimates at the date of preparation of the financial statements that may cause corrections to assets and liabilities are as follows.

Impairment of non-current assets

The Group assesses whether there are any indications of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangible assets are tested for impairment annually and at any time when such indications exists. Other non-financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable.

If there is objective evidence that an impairment loss occur, the amount of the impairment loss is measured as the difference between the carrying amount of the assets and the estimated future cash-flow discounting using a proper discount rate.

- Impairment of financial assets

The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account.

In 2010 financial year because of Endemol's equity situation, the Directors made a best estimate of the recoverability of the loans to the group, whose parent is Edam Acquisition Holding I Coöperatief U.A., based on its estimated future net cash flows. See Note 11 for more details on these estimates.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the separate income statement.

- Useful life of property, plant and equipment and intangible assets

The Group periodically reviews the useful lives of its property, plant and equipment and its intangible assets, prospectively adjusting the provisions for depreciation when the estimates change.

- Recoverability of deferred tax assets

If the Group or any of the Group companies present tax credits relating to deferred tax assets, the corresponding estimates of tax loss carryforwards expected in future years are reviewed at year end to assess their recoverability and, if applicable, recognise the related impairment loss where recoverability is not assured.

(Thousands of euros)

- Provisions

  The Company recognizes provisions for risks in accordance with the accounting policy set forth in Note 4.19. The Group has made judgements and estimates regarding the probability of the occurrence of said risks, as well as the amount thereof, and has recognized a provision when the risk has been considered likely, estimating the cost that such an occurrence would represent for it.

- Share based payments

  The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

3. Proposed distribution of the profit of the Parent

The distribution of the Parent's net profit for 2010 that its Board of Directors will propose for approval by the shareholders at the Annual General Meeting and the distribution of the Parent's net profit in 2010 approved by the Annual General Meeting are as follows:

Bases de reparto	2010	2009
Pérdidas y ganancias	113.934	68.461
Distribución		
Reserva Legal	16.022	-
Reserva Voluntaria	-	20.021
Dividendos	97.912	48.440
Total	**113.934**	**68.461**

At its meeting of 23 February 2011, the Parent’s Board of Directors resolved to submit for approval by shareholders in ordinary meeting a proposal to distribute an extraordinary dividend amounting to EUR 42,248 thousand with a charge to the Parent’s freely distributable reserves.

The total dividend would be EUR 0.35 per share. In 2009, the amount was EUR 0.20 per share.

4. Accounting policies

The principal accounting policies used in preparing the Group's consolidated financial statements were as follows:

4.1. Basis of consolidation

The Group's consolidated financial statements include the financial statements of all the companies over which the Group has control. Control is the power to govern a company's financial and operating policies in order to obtain benefits from its activities. All intra-Group balances and transactions were eliminated on consolidation. Associates, companies over which the Group exercises significant influence but not control, were accounted for using the equity method.

However, given that the accounting principles and measurement bases applied when preparing the Group's consolidated financial statements for 2010 and 2009 (EU-IFRS) vary from those used by the companies composing the Group (local standards), the necessary adjustments and reclassifications have been made on consolidation to standardise the most significant measurement and recognition principles between the companies and to adapt these to EU-adopted IFRS.

All items of property, plant and equipment and intangible assets are linked to production and the generation of revenue from business activities.

4.2. Translation of financial statements of foreign subsidiaries

The consolidated annual financial statements are presented in euros, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The statement of financial position and separate income statement headings of consolidated foreign companies are translated to euros at the year-end exchange rate, which means:

- All assets, rights and liabilities are translated to euros at the exchange rate ruling at the close of the foreign subsidiaries' accounts.

- Separate Income statement headings are translated at the average exchange rate.

The difference between the equity of foreign companies, including the balance of the separate income statement, translated at year–end exchange rates and the equity obtained translating the assets, rights and liabilities by applying the criteria set forth above are shown under "Translation differences", under equity in the consolidated statement of financial position.

(Thousands of euros)

4.3. Related parties

The corresponding heading in the consolidated statement of financial position includes the balances with significant shareholders and associates. The other balances arising from related-party transactions with directors and key management personnel are classified under the appropriate consolidated statement of financial position headings.

4.4. Current/Non-current classification

In the accompanying consolidated statement of financial position, assets and liabilities maturing within no more than 12 months are classified as current items and those maturing within more than 12 months are classified as non-current items.

Audiovisual rights are classified in full as non-current assets. Note 8 details the rights that the Group expects to amortise within a period of less than 12 months.

4.5. Property, plant and equipment

Property, plant and equipment are recognised using the cost model, which includes the cost of acquisition of the assets and the additional expenses incurred until they have become operational. Property, plant and equipment are measured at the lower of cost and recoverable amount.

Repairs that do not lead to a lengthening of the useful life of the assets and maintenance expenses are charged directly to the separate income statement.

The depreciation of property, plant and equipment is calculated systematically, using the straight-line method, on the basis of the useful life of the assets, based on the actual decline in value caused by their use and by wear and tear.

The depreciation rates used to calculate the decline in value of the various items of property, plant and equipment are as follows:

	Rate
Buildings	4 %
TV equipment	20 %
Fixtures	10-35 %
Tools	20 %
Furniture	10 %
Computer hardware	25 %
Transport equipment	14 %
Other items of property, plant and equipment	20%

4.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are recognised as such only when the Group can demonstrate how the asset will generate future economic benefits and the ability to measure reliably the expenditure during development.

- Development expenditure

  Expenditure on development activities is recognised as an expense as incurred, except in the case of computer software projects that have reached the development stage. These expenses are measured at cost and are allocated to specific projects until the projects have been completed, provided there is a reasonable assurance that they can be financed through completion and there are sound reasons to foresee their technical success.

- Trademarks and trade names

  These are the intellectual property relating to the licences to use the following trademarks:

  - These relate mainly to licenses to use industrial property rights and television channel concessions.

- Computer software

  This includes the amounts paid for title to or the right to use computer programs. Computer software maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

  Computer software is amortised over three years from the date on which it starts to be used.

4.7 Audiovisual property rights

4.7.1 Outside production rights

These consist primarily of rights acquired for a period that exceeds one business year. These rights are measured at cost and relate to the individual value of each right. If they are acquired in closed packages, with no breakdown of the individual value of each product, individual values are calculated based on a weighting factor equivalent to the acquisition cost of products of a similar type and category that would have been incurred had the acquisition been made on an individual basis.

The right is recognised at the earlier of the time the material becomes available for broadcasting pursuant to the contract or, if earlier, the date on which the right commences. In the case of several rights associated with a single contract that are accepted during the same year but on different dates, the Group recognises the inclusion of the rights under the contract on the earlier of the date on which the first right is accepted for broadcasting and the date the rights commence.

These rights are recognised in the separate income statement under "Amortisation of Audiovisual Property Rights", based on the number of screenings, as follows:

1. Films and TV movies (non-series)

1.1. Contractual rights for two screenings:

First screening: 50% of acquisition cost.
Second screening: 50% of acquisition cost.

1.2. Contractual rights for three or more screenings:

First screening: 50% of acquisition cost.
Second screening: 30% of acquisition cost.
Third screening: 20% of acquisition cost.

2. Other products (series)

2.1.Contractual rights for two or more screenings:

First screening: 50% of acquisition cost.
Second screening: 50% of acquisition cost.

When a screening is sold to a third party, the value of the screening, calculated on the basis of the aforementioned percentages, is amortised on the basis of the territorial television signal distribution capacity of the television station buying the screenings, and a cost of sales is recognised based on the revenue generated in the region where the screening has been sold, with adjustments made to the unsold value of the screening in question.

These rights are subject to valuation adjustments, where necessary, as detailed in Note 4.11.

4.7.2 Series in-house production rights

These include productions owned by the Group, which may subsequently sell them.

Their value includes both the costs incurred directly by the Group and the amounts billed by third parties.

The residual value, estimated at 2% of the total cost, is amortised on a straight-line basis over three years from the time the productions become available; unless these rights are sold to third parties during the amortisation period, in which case the residual value is allocated to the revenue generated by the sale.

These rights are recognised in the separate income statement under "Amortisation of Audiovisual Property Rights", based on the number of screenings, as follows:

- Series of less than 60 minutes and/or broadcast daily.

  First screening: 100% of the amortisable value.

- Series of more than 60 minutes and/or broadcasted weekly.

  First screening: 90% of the amortisable value.
  Second screening: 10% of the amortisable value.

These rights are subject to valuation adjustments, where necessary, as detailed in Note 4.11.

4.7.3 Distribution rights

These include the rights acquired by the Group for their exploitation in all windows in Spain.

The cost of the right is that stipulated in the contract. Amortisation of distribution rights is recognised on the basis of the revenue generated in each window in which the right is exploited and of an estimate of future revenue from each window.

When the free-to-air broadcasting or right commences, it is reclassified to "Audiovisual Property Rights".

In the free-to-air window, the amortisation of the rights is recognised in the separate income statement under "Amortisation of Audiovisual Property Rights" in the same way as in the case of audiovisual property rights, as detailed in the related note to these consolidated financial statements.

4.7.4 Co-production rights

These include the co-production rights acquired by the Group for exploitation in all windows.

The cost of the right is that stipulated in the contract. Amortisation of co-production rights is recognised on the basis of the revenue generated in each window in which the right is exploited and of an estimate of future revenue from each window.

When the free-to-air broadcasting or right commences, it is reclassified to "Audiovisual Property Rights".

In the free-to-air window, the amortisation of the rights is recognised in the separate income statement under "Amortisation of Audiovisual Property Rights" in the same way as in the case of audiovisual property rights, as detailed in the related note to these consolidated financial statements.

4.7.5 Master copies and dubbing

These items relate to the material supporting the audiovisual property rights and the cost of dubbing original versions, respectively.

They are measured at cost and the related amortisation is recognised at the same rate as the amortisation of the audiovisual property rights with which they are associated.

4.7.6 Retransmission rights

The costs for the rights to broadcast sport are recognised under Procurements on the separate income statement at the cost stipulated in the agreement. The costs are recognised when each event is broadcast. Advance payments are recognised in the statement of financial position under Other current assets.

4.8.Goodwill

Business combinations arising after 1 January 2010

Business combinations are accounted for using the acquisition method. The cost of the business combination is determined by measuring the identifiable assets acquired and liabilities assumed at their acquisition-date fair values. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. The acquirer shall account for acquisition-related costs as expenses in the income statement as incurred.

When the Group acquires a business, it assesses the identifiable assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in profit or loss.

Any contingent consideration the Group transfers is recognised at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration classified as an asset or liability will be recognised in accordance with IAS 39, with any resulting gain or loss recognised either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the fair value of the identifiable assets and liabilities measured as such in the acquiree. If this consideration is lower, the difference is recognised in the separate income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or groups of cash-generating units expected to benefit from the combination's synergies, irrespective of whether other Group assets or liabilities are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or groups of cash-generating units to which the goodwill relates. If the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, the Group recognises an impairment loss.

Goodwill impairment losses cannot be reversed in future periods.

When an entity sells or otherwise disposes of an operation within a cash-generating unit to which goodwill has been allocated, the goodwill associated with the operation should be included in the carrying amount of the operation when determining the gain or loss on disposal and measured on the basis of the relative values of the operation disposed of or sold and the portion of the cash-generating unit retained.

4.9 Non-current investments in companies accounted for using the equity method

The companies over which the Group exercises significant influence, directly or indirectly, through an ownership interest of 20% or more in the voting power of the investee are accounted for using the equity method.

Investments in an investee are initially recognised at cost, which will be increased or reduced on the basis of the Group's share of the investee's equity, subsequent to the date of acquisition.

The value of these investments in the consolidated statement of financial position includes, where applicable, the goodwill arising on the acquisition thereof.

The results of the investee are recognised in profit or loss in proportion to the Group's percentage of ownership. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any change and discloses this, when applicable, in the statements of changes in equity.

The dividends received from investees reduce the carrying amount of the investment.

Following the application of the equity method and recognition of the value of the associate, if there is any indication that the investment might have become impaired, pursuant to IAS 39 the relevant analysis and impairment tests are carried out in order to recognise the impact of the impairment loss on the investment in the year in which it is detected.

If the Group's share of losses of the associate equals or exceeds its investment, it discontinues recognising its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate. Losses recognised under the equity method in excess of the Group's investment in ordinary shares are applied to the other components of the interest in the associate in the reverse order of their seniority (i.e. priority in liquidation).

4.10 Financial assets

Financial assets are initially recognised at fair value, including, in case investments are not recognised at fair value with changes in results, general transactions costs.

The Group determines the classification of its financial assets on initial recognition and re-evaluates this designation at each financial year end.

The financial assets held by the Group companies are classified as:

- Held-to-maturity investments: financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold from the date of purchase to the date of maturity. They do not include loans and accounts receivable originated by the company. After initial measurement held-to-maturity investments are measured at amortised cost using the effective interest method.

- Originated loans and receivables: financial assets originated by the companies in exchange for supplying cash, goods or services directly to a debtor. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Loans and receivables in the consolidated statement of financial position maturing in 12 months or less from the consolidated statement of financial position date are classified as current and those maturing in over 12 months as non-current.

- Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the separate income statement, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the separate income statement.

- Financial assets at fair value through profit and loss: Financial assets classified as held for trading are included in the category financial assets at fair value through profit and loss. Financial assets are classified as held for trading when they are acquired for the purpose of selling in the near future. Derivatives are also classified as held for trading unless they are effective hedging instruments and identified as such. Gains or losses on financial assets held for trading are recognised in profit or loss. The Group has no held-for-trading financial assets.

The fair value of a financial instrument on a given date is taken to be the amount for which it could be bought or sold on that date by two knowledgeable, willing parties in an arm's length transaction acting prudently. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an organised, transparent and deep market ("quoted price" or "market price"). If this market price cannot be determined objectively and reliably for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments or of the discounted present value of all the future cash flows (collections or payments), applying a market interest rate for similar financial instruments (same term, currency, interest rate and same equivalent risk rating).

4.11 Impairment of non-current assets

4.11.1 Non-financial assets

The Group assesses periodically and at least at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

For assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the asset belongs.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the consolidated income statement.

At each reporting date the group assess if there are indications that a, a previously recognized impairment loss is reversed or reduce. If this is the case, the Group estimates the asset's recoverable amount. Except for the goodwill, an impairment loss previously recognized can be reverted if there has been a change in the circumstances that caused it. Such reversal is recognized in the consolidated income statement. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset.

4.11.2Financial assets

The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

- Assets carried at amortized cost

  If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

  If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.

  In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

- Available-for-sale financial investments

  If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the separate income statement.

4.12 Inventories

The cost of producing in-house productions is determined taking into account all the costs allocable to the product incurred by the Group. Advances paid for programmes are also included.

The production costs are expensed when the related programmes are broadcast.

4.13 Cash equivalents

The cash equivalents comprise mainly short-term deposits, short-term marketable bills and notes, short-term government bonds and other money market assets maturing at three months or less.

4.14 Debt transformable into grants

Such loans received are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Difference between the nominal value and the fair value of the loan is deducted from the carrying amount of the related asset and its allocated to the separate income statement according to a basis.

4.15 Treasury shares

Treasury shares are recognized as a reduction of capital and reserves. Gains or losses on the sale of these shares are recognized in "Other reserves."

4.16 Financial liabilities

Financial liabilities are initially measured at fair value less attributable transaction costs. Following initial recognition, financial liabilities are measured at amortized cost, with any differences between cost and redemption value recognized in the consolidated income statement over the period of the borrowings using the effective interest rate method.

Liabilities maturing in less than 12 months from the consolidated statement of financial position date are classified as current, while those with longer maturity periods are classified as non-current.

4.17 Derivative financial instruments

The Group uses financial derivatives to manage some its interest rate risk exposure.

Cash flow hedges are a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, while the ineffective portion is recognized in the consolidated separate income statement.

Amounts taken to equity are transferred to the consolidated income statement when the hedged transaction affects profit or loss such as when hedged financial income or expense is recognized or when a forecast sale or purchase occurs.

Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, the amounts previously recognized in equity are transferred to the consolidated income statement. If a hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to income.

The Group's financial derivatives at 31 December 2010 and 2009 were classified as held for trading, with gains or losses recognised in the consolidated separate income statement.

4.18 Derecognition of financial assets and liabilities

4.18.1 Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the assets have expired.
- The Group retains the right to receive the cash flows from the asset but has assumed the obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement;
- the Group has transferred its rights to receive cash flows from the asset and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

4.18.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the separate income statement.

4.19 Provisions and contingencies

Provisions are recognized in the consolidated statement of financial position where the Group has a present obligation (either legal or tacit) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Amounts recognized as provisions are the best estimate of the amounts required to offset the current value of those obligations at the consolidated statement of financial position date.

Provisions are reviewed at each year end and adjusted to reflect the current best estimate of the liability.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

4.20 Income tax

The Parent, Gestevisión Telecinco, S.A., files consolidated income tax returns with the following subsidiaries:

- Grupo Editorial Tele 5, S.A.U.
- Telecinco Cinema, S.A.U.
- Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.
- Atlas Media, S.A.U.
- MiCartera Media, S.A.U.
- Publiespaña, S.A.U.
- Publimedia, S.A.U.
- Advanced Media, S.A.U.
- Mediacinco Cartera, S.L.
- Conecta 5 Telecinco, S.A.U.
- Canal Factoría de Ficción, S.A.U.

The income tax expense for the year is recognised in the separate income statement, except in cases in which it relates to items that are recognised directly in the statement of other comprehensive income or equity, in which case the related tax is also recognised in equity.

Deferred tax assets and liabilities are recognised on the basis of the temporary differences between the carrying amounts of the assets or liabilities and their tax bases and are measured on the basis of the tax rates that are expected to apply in the period when the asset is realised or the liability is settled. Deferred tax assets and liabilities arising from changes in equity are charged or credited directly to equity. Deferred tax assets and tax loss and tax credit carryforwards are only recognised when the probability of their future realisation is reasonably assured and are adjusted subsequently if it is not considered probable that taxable profits will be obtained in the future.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities taking the tax rates prevailing at the consolidated statement of financial position date and including any tax adjustments from previous years.

The Group recognizes deferred tax liabilities for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled by the Parent and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group recognizes deferred income tax assets for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference, and the carryforward of unused tax credits or losses can be utilized, except:

- Where the deferred income tax relating to the deductible temporary difference arises from the initial recognition of an asset or liability a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the differed income tax asset to be utilized. The Group also reviews unrecognized deferred income tax assets at each statement of financial position date and recognizes them to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

4.21 Revenue and expense recognition

Revenue and expenses are recognised net of the related taxes, except in the case of non-deductible expenses.

In accordance with the accrual principle, income and expenses are recognized when the goods or services represented by them take place, regardless of when actual payment or collection occurs.

Revenue associated with the rendering of services is recognised by reference to the stage of completion of the services, provided that the revenue can be measured reliably.

The Group's main source of revenue is from advertising. This revenue is recognised in the period in which it is earned; i.e. when the related advertisement is broadcast.

Expenses, including discounts and volume rebates, are recognised in the separate income statement in the period in which they are incurred.

4.22 Equity-settled transactions

The Company maintains share option plans related to the compensation system for executive directors and board members that are settled by delivering Company shares. The employee benefits expense is determined based on the fair value of the share options to be awarded on the date the option is granted. This expense is recognized over the stipulated three-year period during which the services are rendered. The fair value of share options established at the date the award was granted is not modified.

The options' fair value is measured based on an internal valuation using valuation option models – specifically, the binomial method – and taking into account the price of the option in the year, the life of the option, the price of the underlying shares, the expected volatility of the share price, estimated dividend payments and the risk-free interest rate for the life of the option. The option valuation models and the assumptions used are described in Note 20.

4.23 Transactions in foreign currency

Transactions in foreign currency are initially recognized at the exchange rate prevailing at the date of the transaction. All exchange gains or losses arising from translation as well as those arise when statement of financial position items settled are recognized in the separate income statement.

4.24 Earnings per share

The Group calculates basic earnings per share on the basis of the weighted average number of shares outstanding at year-end. The calculation of diluted earnings per share also includes the dilutive effect, if any, of stock options granted during the year.

4.25 Environmental issues

In view of the business activities carried out by the Group, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific environmental disclosures have been included in these notes to the financial statements.

5Segment information

In accordance with IFRS 8, advertising sales is the Group's only identified operating segment.

(Thousands of euros)

6. Property, plant and equipment

The detail of the balances of "Property, Plant and Equipment" and of the changes therein in the years ended 31 December 2010 and 2009 is as follows:

	Balance at 31.12.08	Additions	Disposals	Transfer	Balance at 31.12.09	Additions	Disposals	Transfers	Inclusion in consolidation scope (Note 9)	Balance at 31.12.10
COST										
Land and natural resources	14,970	-	-	-	14,970	-	-	-	-	14,970
Buildings and other structures	32,222	14	(9)	156	32,383	-	-	5	-	32,383
Machinery, plants and tools	95,556	1,532	(4.693)	18	92.413	1.291	(4.044)	1,000	354	91,014
Furniture and fixture	5,626	146	(181)	-	5.591	300	(1,204)	-	7	4,694
Computer Hardware	15,938	796	(1,758)	-	14.976	394	(2,677)	568	23	13,284
Other Items of property, plant and equipment	778	39	(43)	-	774	19	(125)	-	-	668
Property, plant and equipment in the course of construction	149	740	(5)	(174)	710	5,562	-	(1,529)	-	4,743
Total Cost	**165,239**	**3,267**	**(6,689)**	**-**	**161,817**	**7,566**	**(8,050)**	**44**	**384**	**161,761**
ACCUMULATED DEPRECIATION										
Buildings and other structures	(16,183)	(1,303)	3	-	(17,483)	(1,306)	-	-	-	(18,789)
Machinery, plants and tools	(79,012)	(4,691)	4,376	-	(79,327)	(4,058)	4,030	-	-	(79,355)
Furniture and fixtures	(3,773)	(368)	153	-	(3,988)	(344)	1,174	-	-	(3,158)
Computer Hardware	(11,958)	(1,582)	1,733	-	(11,807)	(1,560)	2,268	-	-	(10,699)
Other items of property, plants and equipment	(685)	(36)	42	-	(679)	(29)	125	-	-	(583)
Total accumulated depreciation	**(111,611)**	**(7,980)**	**6,307**	**-**	**(113,284)**	**(7,297)**	**7,997**	**-**	**-**	**(112,584)**
Provisions	-	-	-	-	-	-	-	-	-	-
CARRYING AMOUNT	**53,628**	**(4,713)**	**(382)**	**-**	**48,533**	**269**	**(53)**	**44**	**384**	**49,177**

(Thousands of euros)

Additions in 2010 and 2009 relate to the acquisition of items of property, plant and equipment required to continue with and increase the Group's activities.

Disposals in 2010 and 2009 relate mainly to the retirement and/or sale of fully depreciated items or that no longer in use.

The detail of the fully depreciated property, plant and equipment in use at 31 December 2010 and 2009 is as follows:

	2010	2009
Computer hardware	7,532	8,843
Technical machinery, fixtures and tools	67,137	64,834
Furniture	1,407	2,469
Other items of property, plant and equipment	672	88
	76,748	76,234

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

The Group had no items under finance leases at 31 December 2010 or at 31 December 2009.

The impact of the accelerated amortisation of audiovisual rights was EUR 1,650 thousand in 2010 and EUR 3,220 in 2009.

(Thousands of euros)

7 Intangible assets

The detail of the balances of "Intangible Assets" and of the changes therein in the years ended 31 December 2010 and 2009 is as follows:

	Balance at 31.12.08	Additions	Disposals and other	Transfers	Balance at 31.12.09	Additions	Disposals and other	Transfers	Inclusion in consolidation scope (Note 9)	Balance at 31.12.10
COST										
Development Expenditure	696	390	-	(471)	615	338	-	(404)	-	549
Concessions, patents and trademarks	33,076	-	(396)	-	32,680	-	-	-	120	32,800
Computer software	19,684	556	(370)	583	20,453	600	(441)	1,527	952	23,091
Computer software in progress	130	961	-	(112)	979	1,586	(4)	(1,167)	-	1,394
Total Cost	**53,586**	**1,907**	**(766)**	**-**	**54,727**	**2,524**	**(445)**	**-**	**1,072**	**57,834**
ACCUMULATED AMORTISATION										
Concessions, patents and trademarks	(32,384)	(35)	6	-	(32,413)	(35)	-	-	-	(32,448)
Computer software	(15,711)	(2,407)	304	-	(17,814)	(2,285)	420	-	-	(19,679)
Total Accumulated Amortisation	**(48,095)**	**(2,442)**	**310**	**-**	**(50,227)**	**(2,320)**	**420**	**-**		**(52,127)**
CARRYING AMOUNT	**5,491**	**(535)**	**(456)**	**-**	**4,500**	**204**	**(25)**	**(44)**	**1,072**	**5,707**

(Thousands of euros)

The breakdown of the fully amortised intangible assets in use at 31 December 2010 and 2009 is as follows:

	2010	2009
Computer software	15,644	13,552
Concessions, patents and trademarks	19,255	19,256
Total	**34,899**	**32,808**

(Thousands of euros)

8Audiovisual property rights

The detail of the balances of the audiovisual property rights and of the changes therein in the years ended 31 December 2010 and 2009 is as follows:

	Balance at 31.12.08	Additions	Disposals	Transfers and others	Balance at 31.12.09	Additions	Disposals	Transfers and others	Inclusion in consolidation scope (Note 9)	Balance at 31.12.10
COST										
Audiovisual property rights	323,869	53,946	(80.607)	3,911	301,119	57,310	(66,094)	9,865	56,771	358,971
Master copies	19	2	(7)	-	14	-	(5)	-	-	9
Dubbing	6,673	1,316	(380)	-	7,609	781	(273)	-	-	8,117
Co-production rights	82,294	2,418	(3,479)	51,730	132,963	739	(2,921)	1,055	-	131,836
In-house rights	835,740	96,613	-	3,876	936,229	50,120	-	4,414	9,585	1,000,348
Distribution rights	11,497	-	-	-	11,497	-	-	-	-	11,497
Other ancillary work	711	43	-	-	754	-	-	-	-	754
Rights, options, scrip develop.	682	511	(314)	-	879	744	(237)	(140)	-	1,246
Start-up costs	250	-	(92)	-	158	-	-	-	-	158
Advances	61,232	14,200	(521)	(59,867)	15,044	35,250	(210)	(15,194)	7,467	42,357
Total Cost	**1,322,967**	**169,049**	**(85,400)**	**(350)**	**1,406,266**	**144,944**	**(69,740)**	**-**	**73,823**	**1,555,293**
ACCUMULATED AMORTISATION										
Audiovisual property rights	(214,673)	(40,974)	80,607	-	(175,040)	(71,234)	66,094	-	-	(180,180)
Master copies	(16)	(2)	7	-	(11)	(1)	4	-	-	(8)
Dubbing	(5,952)	(955)	380	-	(6,527)	(950)	273	-	-	(7,204)
Co-production rights	(67,985)	(36,679)	-	-	(104,664)	(14,995)	-	-	-	(119,659)
In-house rights	(811,014)	(89,939)	-	-	(900,953)	(68,249)	-	-	-	(969,202)
Distribution rights	(11,497)	0	1	-	(11,496)	-	-	-	-	(11,496)
Other ancillary work	(674)	(71)	-	-	(745)	(3)	-	-	-	(748)
Start-up costs	(214)	(1)	62	-	(153)	(1)	-	-	-	(154)
Total accumulated depreciation	**(1,112,025)**	**(168,621)**	**81,057**	**-**	**(1,199,589)**	**(155,433)**	**66,371**	**-**	**-**	**(1,288,651)**
Provisions	(20,205)	(208)	7,374	350	(12,689)	(360)	11,271	-	-	(1,778)
Total Audiovisual rights	**190,737**	**220**	**3,031**	**-**	**193,988**	**(10,849)**	**7,902**	**-**	**73,823**	**264,864**

The Group estimates that between 35% and 40% of the total amount of audiovisual property rights recognised, classified as non-current assets in the consolidated statement of financial position at 31 December 2010, will be amortised within 12 months from the statement of financial position date. This percentage was between 45% and 50% in 2009. This percentage represents the best estimate currently available on the basis of the programming budget for 2011.

Provisions at the end of 2010 relate to the net carrying amount of rights which, although they expire after 31 December 2010, are not included in the Group's future broadcasting plans at the date of authorisation for issue of these consolidated financial statements. Should one of the Group's networks exercise these broadcasting rights, the provision would be reversed and the right would be amortised for the amount of the reversal. This would not have an impact on the consolidated separate income statement.

Therefore, the balance of this provision relates basically to the adjustment required to determine the carrying amount of the library. The provision recognised in the consolidated separate income statement at 31 December 2010 and 2009 amounted to EUR 360 thousand and EUR 208 thousand, respectively.

At the statement of financial position date there were firm commitments to purchase audiovisual property rights, available from 1 January 2011 for a total amount of USD 135,858 thousand and EUR 235,628 thousand. The commitments at 2009 year-end amounted to USD 42,592 thousand and EUR 69,938 thousand.

At 31 December 20010, advances of EUR 4,969 thousand had been paid in connection with these firm commitments to purchase audiovisual property rights. The advances paid in 2009 amounted to EUR 250 thousand and USD 6,619 thousand.

At the statement of financial position date there were commitments to purchase co-production rights, available from 1 January 2011, for a total amount of EUR 36,577 thousand. The commitments at 2009 year-end amounted to EUR 27,615 thousand.

At 31 December 2010, advances of EUR 28,836 thousand had been paid in connection with these co-production right purchase commitments. The advances paid in 2009 amounted to EUR 6,359 thousand.

At the statement of financial position date there were commitments to purchase distribution rights, available from 1 January 2011 for a total amount of EUR 125 thousand (31/12/2009: 125 thousand of euros).

At 31 December 2010, advances of EUR 113 thousand had been paid in connection with these firm distribution right purchase commitments. At 2009 year-end the advances was 50 thousand.

Advances for fiction series are included under Advances.

9. Goodwill and Business Combinations

TRANSACTIONS CARRIED OUT IN 2010

Telecinco, Mediaset Investmenti, S.p.A. (controlling shareholder of Telecinco, hereinafter "Mediaset") and Prisa Televisión signed a series of agreements on 14 April 2010 to establish the procedure, timeline and terms for executing the Transaction. Further, on 4 November 2010, in addition to the contractual novations, another contract was signed whereby Prisa TV granted an option which would give Telecinco certain additional corporate rights over the Prisa TV group's pay TV business (hereinafter "Digital+ Group") if exercised (the "Option Contract"). Execution of the rights granted by the Option Contract is contingent upon the suspensive condition that the required authorisation is obtained from the anti-trust authorities.

The most important aspects of the Transaction are as follows:

1. Telecinco will acquire, by means of a share swap, all the share capital of Sociedad General de Televisión Cuatro, S.A.U. ("Sogecuatro), including the free-to-air television business of the Prisa TV group ("Cuatro Group"). In addition, Telecinco will acquire 22% of DTS, Distribuidora de Televisión Digital, S.A.U., which includes the pay TV business of the Prisa TV group ("Digital+ Group") for EUR 487,988 thousand.

2. In exchange, PRISA TV will receive:

    - Telecinco shares which, following the capital increases and applying the price-adjustment mechanism described below will represent approximately 17.336% of Telecinco's share capital.

    - EUR 487,988 thousand in cash.

3. To finance the acquisition of 22% of DTS, Distribuidora de Televisión Digital, S.A. and strengthen its financial position, on 13 December 2010 Telecinco carried out a capital increase with pre-emptive subscription rights for cash proceeds of EUR 499,202 thousand (Note 15).

4. In addition, on 29 December 2010, pursuant to the resolutions adopted by shareholders of Gestevisión Telecinco, S.A. in an extraordinary meeting held 24 December 2010, the company carried out a non-monetary capital increase consisting of all the entire share capital of "Sociedad General de Televisión Cuatro, S.A.U." (Note 15).

5. Via the Option Contract, Prisa TV S.A.U. grants Telecinco the option to demand that a series of certain corporate agreements related to the pay TV business be subject to a favourable vote by Telecinco and/or directors designated by them. This option can only be exercised once a year has elapsed from the Transaction date. The price of granting the option is EUR 5,000 thousand, payable by Telecinco to Prisa TV on the Transaction closing date (Note 11). The option is exercisable for the three months subsequent to the first anniversary of the closing of the Transaction. Nevertheless, exercising the rights granted by the option is contingent upon the suspensive condition that the required authorisation is obtained from the anti-trust authorities the option strike price is EUR 5,000 thousand, payable once the suspensive condition has been fulfilled.

6. The Transaction close is subject to the pertinent regulatory and anti-trust authorisations.

ACQUISITION OF CUATRO GROUP

As explained above, Telecinco acquired Cuatro Group in 2010. This acquisition was executed through a non-cash contribution by Prisa TV, S.A.U. of the shares of Sociedad General de Televisión Cuatro, S.A.U (SOGECUATRO) in the non-monetary capital increase carried out on 28 December 2010 by Gestevisión Telecinco, S.A.

The initial consideration for the non-monetary contribution entailed the delivery of 73,402 thousand shares of Gestevisión Telecinco, S.A. to Prisa TV S.A.U. However, the integration contract stipulated that if at 30 November 2010 SOGECUATRO had financial debt or less than EUR 25 million of equity, Prisa TV, S.A.U. would make up for the lower value of the contribution by making a capital contribution to Sogecuatro, S.A.U. before the date of the transaction or by delivering 2,866,972 shares of Telecinco to Telecinco. Prisa TV, S.A.U. elected the second option.

The consideration transferred in the business combination was measured at the fair value of the shares delivered to Prisa TV (net of reimbursements made by Prisa) of EUR 590,730 thousand, calculated taking Telecinco's closing share price on 29 December 2010.

The provisional fair values of the assets and liabilities acquired from Cuatro Group were initially estimated taking the values in its accounting records, as follows:

ASSETS	Thousands of euros
Property Plant and Equipment (Note 6)	384
Intengible assets (Note 7)	1.072
Audiovisual Property Rights (Note 8)	73.823
Other Financial Assets	4
Deferred Tax Assets	19.289
Cash and Equivalents	37.805
Accounts Receivables	111.359
Other current assets	1.026
Inventories	9.410
TOTAL ASSETS	**254.172**
LIABILITIES	
Payable to Related parties	25.762
Bank Borrowings	89
Trade Payabless	120.267
Other liabilities	27.899
Provisions for Sales Rebates (Note 18)	18.508
Provisions for Risks and Responsibilities (Note 16)	14.183
TOTAL LIABILITES	**206.708**
TOTAL EQUITY	**53.650**
ACQUISITION COST	**590.730**
GOODWILL	**537.080**

The amounts recognised for the fair values of the assets and liabilities acquired at 31 December 2010 are provisional, since the Group is in the process of assigning the definitive fair values of the assets and liabilities acquired. Under IFRS, this measurement period shall not exceed one year.

The Cuatro Group has not contributed to the Group's revenues since the acquisition date, but has contributed a net loss of EUR 6,185 thousand.

Had the business combination occurred at the beginning of the reporting period, revenue would have increased by EUR 1,170,767 thousand and profit before tax by EUR 16,432 thousand.

Net cash used in the transaction was as follows:

	Thousands of euros
Cash and cash equivalents acquired	37.805
Cash paid to the business combinations	-
Net cash acquired	37.805

(Thousands of euros)

10. Equity method investments

The detail of the balance of "Equity method investments" and of the changes therein in 2010 and 2009 is as follows:

	Equity Method Investment
Balance at December 31, 2008	**237.417**
Increases	60
Equity Method Investments	(119.214)
Dividends Receipts	(1.790)
Other non Comprehensive Income	15.776
Other Movements	(108)
Balance at December 31, 2009	**132.141**
Increases/Decreases	532.094
Equity Method Investments	(176.798)
Dividends Receipts	(1.015)
CI Other non Comprehensive Income	10.851
Other Movements	(548)
Balance at December 31, 2010	**496.725**

The amounts shown under "Increase" and "Decrease" for 2010 include:

1. The acquisition of 22% of DTS, Distribuidora de TV Digital, S.A. for EUR 487,988 thousand.

2. The capitalisation of a loan granted to Pegaso Televisión Inc. for EUR 4,063 thousand.

3. The capitalisation of part of a debt acquired from Endemol, for EUR 40,229 thousand (Note 11).

4. The sale of the investment in Publieci Televisión, S.A. for EUR 186 thousand (Note 1)

(Thousands of euros)

The breakdown by company of investments accounted for by the equity method is as follows:

Company	Investments Accounted for using the Equity Method		Results of Companies accounted for using the equity method	
	2010	2009	2010	2009
Premiere Megaplex, S.A. (*)	24	24	-	1
Edam Acquisition Holding I Cooper. U.A.	-	127,621	(178,701)	(110,267)
Pegaso Television, Inc.	3,952	1,421	(1,531)	(10,920)
Producciones Mandarina, S.L.	1,311	231	1,088	83
La Fábrica de la Tele, S.L.	3,116	2,082	2,118	1,371
Publieci Televisión, S.A. (*)	-	536	-	351
BigBang, S.	334	226	228	167
DTS Distribuidora de Tv Digital, S.A. (**)	487,988	-	-	-
Total	**496,725**	**132,141**	**(!76,798)**	**(119,214)**

(*) Companies not subject to audit
(*) Audited by Deloitte

a) Acquisition of DTS, Distribuidora de Televisión Digital, S.A.

As indicated in Note 9, the transaction with Prisa TV during 2010 included the purchase of 22% of DTS, Distribuidora de TV Digital, S.A.

The parent's 22% investment in DTS, Distribuidora de TV Digital, S.A. amounted to EUR 487,988 thousand. This amount was established in the agreements signed between TELECINCO and PRISA TV based on the sale of another 22% stake in Digital+ which was acquired by the Telefónica, S.A. Group (see Note 9). DTS, Distribuidora de TV Digital, S.A. and its subsidiaries comprise the Digital+ Group.

The related parties have signed a shareholders' agreement which will regulate the governance of the Digital+ Group after Telecinco's investment and Telefónica, S.A.'s 22% investment.

The main characteristics of the agreement are:

- The Shareholders' contract regulates the relationship between Prisa TV, Telecinco, and Telefónica regarding partners of Digital+, and specifically, questions regarding the management of the Digital+ Group as well as its basic governing principles, tax regimes, and transfer of shares. As regards the administration and management of the Digital+ Group, the parties agreed that the Board of Directors will comprise 10 members, 6 of whom to be designated by Prisa TV (in its role as controlling shareholder), 2 by Telefónica, and 2 by Telecinco (who will have the right to name a non-executive Vice President, to be represented on the Executive Committee (although this is not necessary). Telecinco may exercise its option to increase its powers for designating members based on stipulations within the Option Agreement, under the terms described in Note 11.

- The parties also agreed upon a series of increased majorities during the annual general meeting as well as the Board Meeting for certain questions considered especially relevant. To that effect,

  (i) A favourable vote of 9 out of 10 board members would be necessary for the following regarding the Company and its subsidiaries: modification of any statutes, proposed changes in activity as well as commencement of new activities, approval for the acquisition, transfer, or sale of any related assets, within or without the normal course of business, or amounting to EUR 25,000 or more, proposed capital increases (including issuing any convertible instruments) as well as proposals to exclude pre-emptive subscription rights, for mergers, spin-offs, dissolutions, sale, transformation, the transfer of all assets and liabilities, change of registered address to a location outside Spain (except for 100% intra-group transactions), approval for transactions with superior related entities, either individually or jointly, during a period of 12 months, totalling EUR5,000 thousand, previously approved by the Audit Committee, proposals related to the appointment and/or change of auditors, public offerings of shares, or a public subscription and offering of shares, as well as the determination of their related conditions, the granting of loans or guarantees in favour of third-parties for unrelated activities, and the subscription, modification, or termination of financing contracts for an aggregate amount of over EUR50,000. The abovementioned agreements related to the Company's indebtedness may also be adopted unanimously by the Executive Committee, with a favourable vote of

  (ii) At least 90% of the shares with voting rights, either present or represented at the General Shareholders Meeting required to modify the Company's structure or bylaws. The Board Members of Telecinco must approve other agreements, as stipulated in the Option Agreement described in Note 11.

- Regarding the sale of shares of the Digital+ Group, the Shareholders' Contract contemplates pre-emptive subscription rights for its shareholders, while in the case of Telefónica and Telecinco, these rights can be applied to third parties they designate (regardless of whether the transfers are direct or indirect, voluntary or forced, including change of control, excepting cases of intra-group transfers). However, Prisa TV will be allowed to transfer its shares to a third party without being subject to pre-emptive acquisition rights under certain circumstances, such as: when it does not signify a change in ownership interests, the transfer is not in favour of a competitor, the shares are subject to pre-emptive acquisition rights for subsequent

- Transfers, the third-party is required to commit to selling in a case of public share offerings if so required by Telecinco or Telefónica, etc. Telefónica and Telecinco also have tag-along rights should the transfer of shares by Prisa TV involve a change of ownership interest or dilution of below 51%.

- Provided that Telecinco maintains at least a 20% share in the Digital+ Group, Telecinco or any other company in its group may act as the exclusive advertising agent for all the Grupo Digital+ TV stations.

- Lastly, should PRISA TV undergo a change in ownership interest which is neither blocked or three years have transpired, Telefónica and Telecinco will have the right to disinvest in the Digital+ Group, with Prisa TV deciding on either (i) the transfer of Prisa TV shares; or (ii) a takeover bid, in which case a series of commitments will be made to ensure its liquidity and distribution, obliging Prisa TV to transfer a portion of its shares, never to be diluted below 50%.

- The shareholders' agreement will remain in force while two of the three shareholders continue holding at least 15% of the share capital in the Grupo Digital+ Group, in general.

It will be necessary for the Board Members of Telecinco to vote on other agreements, as stipulated in the Option Contract described in Note 11. Execution of the rights granted by the Option Contract is contingent upon the suspensive condition that the required authorisation is obtained from the anti-trust authorities.

Based on this agreement, Telecinco considers that it exerts significant influence on the Digital+ Group as an associated company, and that no joint control exists.

With respect to the Option Contract described above, should Telecinco obtain the additional rights associated with exercise of the option, it would re-evaluate its position with respect to influence over the investee company, and if necessary, would modify the consolidation method to be applied from that date onwards.

Given that at the present date no estimate of the definitive fair values of the assets and liabilities of DTS, Distribuidora de Televisión Digital, S.A. is available, the total difference between 22% of the carrying amount of the assets and liabilities acquired and the acquisition cost has been considered implicit goodwill. Telecinco's Directors consider that a portion of the difference between the fair value and the carrying amount which might reasonably be assigned to items of property, plant and equipment and intangible assets, but at the date of the preparation of these consolidated financial statements, it is not known for certain that this is the case. It is expected that these will be assigned as soon as materially possible and within the timescale established by the applicable accounting standards.

b) The main accounting figures for these companies during 2010 and 2009 are as follows:

2010	Assets	Equity	Liabilities	Revenues	Net Results
	(thousands of euros)				
Premiere Megaplex, S,A, (1)	53	48	5	-	-
Edam Acquisition Holding 1 Cooper, U,A,	2,218,300	(792,900)*	3,011,200	1,245,900	(1,239,200)
Pegaso Television, Inc, (1)	23,824	2,814	21,010	843	(2,494)
BigBang	2,144	1,114	1,030	1,085	761
Producciones Mandarina, S,L,	11,123	4,370	6,753	17,454	3,627
La fábrica de la Tele, S,L,	19,280	10,385	8,895	35,258	7,061
DTS Distribuidora de TV Digital, S,A, (**)	1,510	992	518	1,028	167

(*) In 2010, "Equity" totalling EUR 65,900 thousand is recognised on the comprehensive income statement,
(**) Audited by Deloitte, S,L,

2009	Assets	Equity	Liabilities	Revenues	Net Results
	(thousands of euros)				
Premiere Megaplex, S,A, (1)	53	48	5	-	2
Edam Acquisition Holding 1 Cooper, U,A,	3,460,100	257,200	3,202,900	1,189,300	(337,800)
Pegaso Television, Inc, (1)	30,370	8,736	21,634	2,446	(12,307)
BigBang	2,653	755	1,898	3,980	555
Producciones Mandarina, S,L,	2,369	843	1,526	7,450	304
La fábrica de la Tele, S,L,	15,799	6,940	8,859	22,175	4,564
Publieci Televisión, S,A, (1)	1,223	1,065	158	7,948	693

(1) Not subject to audit,
(2) Sold in 2010

Changes in investments accounted for using the equity method are discussed in Note 1 under "Change in the consolidation method,"

c) Impairment test of equity method investments

- Edam Acquisition Holding I Cooperative U,A

In July 2007, Edam Acquisition B,V, (subsequently called Edam Acquisition Holding I Coöperatief U,A, and, as mentioned previously, “Edam Acquisition Holding”) the investment vehicle made up equally of Mediacinco Cartera, S,L, (entity 75% owned by Telecinco an d 25% by Mediaset Investment, S,A,R,L,), Cyrte Fund II BV, and Goldman Sachs Capital Partners VI, entered into an agreement with Telefónica S,A, for the sale of its 99,5% interest in Endemol Investment Holding B,V,, which indirectly owns 93,750,000 shares in Endemol, representing 75% of the shares, in a leveraged buy-out,

Endemol is a Dutch TV producer of entertainment programs, focusing on reality shows and contests; it also produces fiction, sports, and contents which are multi-platform or designed for the Internet, Endemol's activity includes the creation and production of original formats as well as those acquired locally, and their implementation in other countries, Its catalogue includes over 1,500 original formats; the company creates and produces over 500 new series and TV show for leading Western broadcasters annually, Endemol’s credits include international blockbusters such as "Big Brother," "Deal or No Deal" (“Allá Tú”), "Wipeout," “Operación Triunfo” or “1 contra 100,” as well as locally successful programs such as “Mira Quien Baila,” “Fama,” “La Señora,” or “Amar en Tiempos Revueltos,”

Separately, Edam Acquisition Holding agreed to acquire from Cyrte Fund II its investment in Endemol, representing approximately 6% of the shares, A public offering was made on the remaining 19% of the share capital of Endemol at a price of EUR 24,55 per share (corresponding to the EUR 24,55 per share paid to Telefonica net of the dividend of EUR 0,45 per share paid out on in 2006),

The public offering agreement representing the acquisition of 99,5% of Endemol's share capital finalized in August 2007, with the acquisition of the remaining portion obtained through a squeeze-out, Trading of Endemol shares on Amsterdam stock exchange (Euronext Amsterdam) ceased as of September 12, 2007

The Endemol purchase option amounted to EUR 3,436,684 thousand, The total capital investment made by each of the members of the consortium amounted to EUR 465,966 thousand, corresponding to a third of the Company, with initial equity amounting to EUR 1,397,898 thousand, The remainder of the acquisition price was EUR 2,038,786 thousand, and was financed through a syndicated loan granted to three companies belonging to the Edam Acquisition Holding Group, without recourse to shareholders, in a series of tranches in order of seniority (senior, second lien, and mezzanine) and the related interest rates, Since Telecinco's indirect investment of 25% in Edam Acquisition Holding is through Mediacinco Cartera, S,L,, the Telecinco Group investment in Endemol was consolidated using the equity method,

A summary of the economic terms of the Endemol acquisition follows, differentiating between: (i) contributions from the Edam Acquisition Holding partners to its share capital; and (ii) third-party debt assumed by Endemol B,V,, Endemol Finance B,V,, and Endemol España Holding S,L,, companies pertaining to the Edam Acquisition Holding Group,

Type	Amount (in thousands of euros)
Contributions to share capital (*equ*ity)	
Mediacinco Cartera	465,966
Cyrte Fund II BV	465,966
Goldman Sachs Capital Partners	465,966
Total (initial equity in Edam Acquisition Holding)	1,397,898
Third-party debt (syndicated loan)	
Senior	1,463,786
Mezzanine	325,000
Second lien	250,000
Total	2,038,786
TOTAL	**3,436,684**

Mediacinco Cartera financed its EUR 465,966 thousand euro contribution with a capital increase amounting to EUR 240,000 thousand subscribed by Telecinco (EUR 180,000 thousand) and Mediaset Investment, S,A,R,L, (EUR 60,000 thousand), in proportion to their investment in the capital of Mediacinco Cartera, which was complemented by two loans from shareholders totalling EUR 225,966 thousand, distributed proportionately by investment (75% and 25%), The excess portion of the Endemol acquisition price over the investment's carrying value is recognized as goodwill on the Edam Acquisition Holding financial statements, None of the Telecinco Group companies recognized goodwill related to this purchase, as the investment was made through Edam Acquisition (the subsidiary specifically created by the three shareholders as an investment vehicle to purchase Endemol), consolidated using the equity method, In the years since its acquisition, Edam Acquisition Holding has carried out impairment tests based on Edam Acquisition Holding's business plan, which was approved by its Board of Directors, Edam Acquisition Holding's goodwill was allocated to the different countries in which Endemol NV does business, as Cash Generating Units or CGUs, The impairment tests on Edam Acquisition Holding included the decline in value of the CGUs whose discounted cash flows are lower than the carrying amounts of its assets (individual tests are carried out on the goodwill of each of the CGUs), Telecinco adjusts these impairment tests to the aggregate taxable income resulting from the tests carried out by Edam Acquisition Holding on its CGUs, including the impact of the estimated value of cash flows as well as those in which the estimated value is higher, or when they carry out their own tests when there are indications of impairment in the carrying amount of their investment, even when Edam Acquisition Holding has not carried out these tests,

Since it was acquired on 3 July 2007, Edam Acquisition Holding's investment (initially valued at EUR 465,966 thousand on the Telecinco Group's books), decreased to EUR 434,795 thousand during 2007, EUR 222,111 thousand in 2008, and EUR 127,621 thousand in 2009,

The impairment test carried out on Edam Acquisition Holding in 2010 by an independent expert on the Group's CGUs resulted in an Enterprise Value ranging from EUR 1,1 to 1,3 billion; the Group's financial debt indicates that the subsidiary has negative equity,

This impairment test was based on discount rates included in the Group's Business Plan, which range from 8,5% to 9,1%,

Considering the aforementioned, Endemol's investment was reduced to 0 at year-end 2010, This reduction had already taken place on 30 September 2010, when Telecinco carried out its own impairment test on Endemol's investment, based on the forecasted performance of the activities included in the preliminary Business Plans available at that time,

Once the value of the investment was reduced to zero, in accordance with accounting criteria, the Group no longer recognized the portion corresponding to additional losses, as there were no further entries which, in substance, form part of the net investment, nor did the group have additional investment commitments,

Nonetheless, recognized impairment losses may be reversed, If subsequent impairment tests show indications of that the investment is recovering with respect to the amounts recognized, the Telecinco Group will include the corresponding income,

Impairment losses charged to the Telecinco Group's share in Endemol resulting from the tests carried out, as well as accumulated losses of Edam Acquisition Holding, mainly arising from the amortization of intangible assets generated by allocating a portion of the transaction's goodwill in each year, are as follows:

(Thousands of euros)	31/12/2010	31/12/2009	31/12/2008	31/12/2007
Opening balance	**127,621**	**222,111**	**434,795**	**465,966**(1)
Impairment loss booked during the period	(178,701)	(89,167)	(122,788)	-
Other movements in the consolidated separate income statements	-	(21,099)	(45,195)	(5,337)
Other movements	10,851	15,776	(44,701)	(25,834)
Increase of share capital	40,229	-	-	-
Closing Balance	**0**	**127,621**	**222,111**	**434,795**

(1) Acquired in July 2007,

Pegaso Televisión Inc,

In July 2010, Telecinco capitalised 5,392 thousand US dollars (EUR 4,063 thousand) of loans to Pegaso, raising its investment in the company to 43,71% of its share capital,

At year-end 2010 and 2009, the recoverable amount was determined based on the market value determined by a valuation made on a local operator,

(Thousands of euros)

11.Other non-current financial assets

The following are included under Other non-current financial assets:

	31,12,2010	31,12, 2009
Investments in		
Kulteperalia, S,L,	-	492
Alba Adriática, S,L,	-	1,500
Long term loans	97	156
Loans to related companies	54,865	33,302
Other	6,125	1,079
Total	**61,087**	**36,529**

Investments in other companies

On 3 December 2010, Gestevisión Telecinco, S,A, sold its ownership interests in Alba Adriática, S,L, and Kulteperalia, S,L, for EUR 1,500 thousand and EUR 500 thousand, respectively, These amounts were settled by offsetting a payable to the buyer, Gecaguma, S,L,

The gain on the sale of the investments in Kulteperalia, S,L, amounted to EUR 8 thousand, recognised under "Gains (losses) on disposals of non-current assets" in the consolidated separate income statement,

In 2009, the Parent reduced its ownership interests in Kulteperalia, S,L, and Alba Adriática, S,L, from 15% to 5%, The transfer prices were their carrying amounts: EUR 1,000 thousand in the case of Kulteperalia, S,L, and EUR 3,000 thousand for Alba Adriática, S,L,

Loans to related companies

In 2008, Conecta 5 Telecinco, S,A,U, ("Conecta 5") acquired part of the Endemol group's mezzanine debt, This acquisition was carried out in an arm's length transaction from one of the Company's creditor banks, with the acquisition price of EUR 14,735 thousand representing a significant discount on the nominal value of the assets, This debt matures in 2017 and bears interest at market rates prevailing at the acquisition date, In 2009, additional portions of the mezzanine debt were acquired for EUR 4,295 thousand and EUR 4,293 thousand, Second lien debt was also acquired at EUR 5,133 thousand, This debt likewise matures in 2017 at a significant discount in respect of the nominal value of the assets, reflecting both the subordination of the debt and the market conditions under which it is negotiated,

Interest accrued on these acquisitions in 2009 amounted to EUR 6,281 thousand (2008: EUR 455 thousand), Implicit interest is also recognised under this heading to measure the loans at amortised cost, which at 31 December 2009 amounted to EUR 4,685 thousand, In 2010, additional acquisitions of Endemol Group debt were made at discounts, likewise reflecting market conditions, maturity and subordination inherent in this type of debt, This investment amounted to EUR 67,260 thousand, taking the total acquisition of Endemol debt to EUR 95,716 thousand, including junior debt acquired from Mediaset, No further debt was acquired between that time and the date of authorisation for issue of these consolidated financial statements,

On 23 September 2010, the company capitalised part of the Endemol junior debt, for EUR 31,414 thousand, This amount includes the mezzanine debt acquired previously by Mediaset Investment SrL, The capitalisation of the debt was carried out by three shareholders for equal amounts, while on 29 December they also contributed EUR 8,815 thousand of junior debt,

Interest accrued in 2010 amounted to EUR 5,812 thousand, of which EUR 2,771 thousand relates to cash receipts and EUR 3,041 thousand to revaluations using the amortised cost method,

Considering the expected trends in Endemol's main financial indicators for 2011 included in its current business plan, there is a risk that in 2011 Endemol will not comply with the covenants relating to the debt, which was issued to fund the acquisition of the Group by its current shareholders,

As explained above, at the date of authorisation for issue of these consolidated financial statements, Telecinco has Endemol debt on its balance sheet consisting of various tranches acquired from third parties in arm's length transactions and measured at amortised cost,

As an Endemol shareholder, Telecinco intends to work together with the rest of Endemol's shareholders and creditors in order to provide the Group with a stable, lasting structure, However, Telecinco has no obligation to contribute additional capital for the time being,

Several alternatives are being considered, although no definitive agreement has been reached,

The current best estimate is that with these alternatives, the carrying amount of the senior debt in Telecinco's records will not decline, This is not the case with the junior debt, Therefore, it has written down to zero the value of this debt, recognising an impairment loss of EUR 8,299 thousand in the consolidated income statement,

Alternatively, a breach of the covenants would trigger demand for the outstanding debt by the Group's creditors and a procedure whereby the creditors of the senior debt would become owners of Endemol pursuant to the existing financial agreements, as they do not have recourse to the Group's shareholders,

Under these assumptions, the valuation of Endemol Group by independent experts for the required impairment test based on estimates of the future cash flows taking into account the existing business plan indicates sufficient value to cover the amount of senior debt in Telecinco's balance sheet assuming it is awarded at that amount, Other financial assets

(Thousands of euros)

As mentioned in Note 9, Prisa TV granted Telecinco an option whereby, once a year has elapsed from the date of acquisition of DTS, Distribuidora de Televisión Digital, S,A,, Telecinco may recognise certain rights over the management of Digital+,

The price of granting the option is EUR 5,000 thousand, which Telecinco paid to Prisa TV on 28 December 2010,

Telecinco may exercise this right within three months after the first anniversary of the closing of the Transaction, The option strike price is EUR 5,000 thousand, payable once the suspensive condition has been fulfilled, Execution of the rights of the Option Contract and payment of the exercise price are contingent upon the suspensive condition that the required authorisation is obtained from the anti-trust authorities,

If such authorisation were not unconditional or subject to suspensive conditions (as ruled by an independent expert appointed by the parties) or if the parties did not reach an agreement to determine whether the conditions were substantial, Prisa TV, on the one hand, and Telecinco, on the other, would proceed, as appropriate, to (i) delivery of the Telecinco shares held by Prisa TV; (ii) deliver Telecinco's investment in Digital+; and (iii) pay an additional amount by Prisa TV or Telecinco, as appropriate, based on the value of the two investments,

12, Other current assets

The breakdown of other current assets at December 31, 2010 and December 31, 2009 is as follows:

	31,12,2010	31,12,2009
Prepaid expenses	13,654	10,892
Advance commissions	12	18
Total	13,666	10,910

Prepaid expenses relate mainly to retransmission rights for programs which have yet to be broadcast,

(Thousands of euros)

13, Other current financial assets

The breakdown of other current financial assets at December 31, 2009 and December 31, 2009 is as follows:

	31,12,2009	31,12,2008
Short-term investments securities	25,411	-
Loans to associates	809	5,136
Other financial assets	2,269	-
Total	**28,489**	**5,136**

“Short-term investment securities” includes time deposits maturing in 2011 earning market interest rates.

"Loans to associates" mainly recognises a loan granted to the associate, Pegaso Inc,

“Other financial assets” mainly includes legal deposits for pending litigation.

14, Cash and cash equivalents

The breakdown of Cash and cash equivalents at December 31, 2010 and December 31, 2009 is as follows:

	31,12,2010	31,12,2009
Cash on hand and at bank	87,900	5,487
Cash equivalents	-	77
Total	**87,900**	**5,564**

No restrictions to the availability of balances exist

(Thousands of euros)

15.Equity

15,1 Share capital

At 31 December 2010, the Parent Company's share capital comprised 406,861,426 shares with a nominal value of EUR 0,5 each, all represented by book entries, In 2009, the shares totalled 246,641,856 and had the same nominal value, All share capital has been fully subscribed and paid up and is held as follows:

Owner	2010 % Interest	2009 % Interest
Mediaset Investimenti, S,p,A,	41,2	50,1
Grupo Prisa	17,3	-
Market	39,9	48,5
Treasury shares	1,6	1,4
Total	100,0	100,0

The ultimate parent of Mediaset Investimenti, S,pA, is Fininvest Spa, domiciled in Italy.

As explained above, two capital increases were carried out in 2010:

First capital increase

On 13 December 2010, Gestevisión Telecinco, S,A, increased share capital by a nominal amount of EUR 43,409 thousand through the issue of 86,817,700 new ordinary shares of the same class and series as those already in circulation and with pre-emptive subscription rights for existing shareholders at that time, The issue price for the new shares was EUR 5,75 per share, for a total amount of EUR 499,202 thousand.

Each existing share (excluding treasury shares held by Gestevisión Telecinco, S,A,) is entitled to one pre-emptive subscription right, with 14 pre-emptive subscription rights required to subscribe five newly issued shares.

The capital increase was fully subscribed and paid in, The Company's controlling shareholder subscribed all the corresponding shares in the exercise of pre-emptive subscription rights.

Second capital increase

On 29 December 2010, pursuant to the resolutions adopted by the shareholders of Gestevisión Telecinco, S,A, in a general meeting held 24 December 2010, a non-monetary capital increase was carried out consisting of the entire share capital of "Sociedad General de Televisión Cuatro, S,A,U," for a nominal amount of EUR 36,701 thousand through the issue of 73,401,870 new ordinary shares of EUR 0,50 par value each, all of the same class and series of those already outstanding.

The new shares were issued at their par value (EUR 0, 50) plus a share premium of EUR 7, 30 per share, leaving an issue price of EUR 7,80 per share, The total amount of the capital increase was EUR 614,741 thousand.

The total expense for the two capital increases was EUR 5,495 thousand, recognised under "Equity – Share premium",

15.2 Other amounts recognised in "Share premium" related to the acquisition of Sogecuatro,

As explained in Note 10, the investment in Sogecuatro was measured at the fair value of the shares given to Prisa TV; i,e, the closing share price of Gestevisión Telecinco on 29 December 2010, The capital increase was originally based on the fact that 73,401,870 shares were to be given to Sogecable, increasing share capital, The difference between the value of the share issue and share price is recognised under "Share premium", This entailed an increase in the share premium balance of EUR 42,207 thousand, Also included under this item are capital increase costs, net of the corresponding tax effect,

15.3Dividends

As indicated in the Group's consolidated financial statements for 2009, on 24 February 2010 the Parent's Board of Directors agreed to distribute an interim dividend against 2009 profit, This dividend, amounting to EUR 48,440 thousand, was paid on 10 March 2010, The dividend represented EUR 0,199 per outstanding share,

The dividend distributed in 2009 against 2008 profit was EUR 210,272 thousand, This was paid in May 2009 and represented EUR 0,865 per outstanding share,

No additional dividends were paid in 2010,

15.4 Legal reserves

Under the Spanish Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount, Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

15.5 Treasury shares

Treasury shares were acquired mainly to cover the company's commitments in relation to share option plans, As for the transaction explained in Note 9, the price adjustment led to an additional 2,866,972 of treasury shares valued at EUR 24,012 thousand, These plans are described in Note 21.

At 31 December 2010, the Company has treasury shares of EUR 84,746 thousand valued at cost (31 December 2009: EUR 60,301 thousand).

The changes in "Treasury Shares" in 2010 and 2009 were as follows:

	2010		2009	
	Number of shares	Amount(*)	Number of shares	Amount(*)
At beginning of year	**3,552,287**	**60,734**	**3,106,913**	**57,813**
Increase	2,886,972	24,021	445,374	2,921
Decrease	-	-	-	-
At end of year	**6,419,259**	**84,746**	**3,552,287**	**60,734**

(*) Amounts in thousands of euros,

At 31 December 2010, the Company shares held by it and by its subsidiaries represented 1,58% of the share capital (31 December 2009: 1,44%).

The increase in treasury shares in 2010 relates to the difference between the final measurement of the investment in Sociedad General de Televisión Cuatro and the amount of the non-monetary capital increase, which was higher (Note 9).

The average priced paid to acquire treasury shares in 2009 was EUR 6, 56 per share, No treasury shares were sold in either 2010 or 2009.

15.6Minority interests

The detail, by company, of the balance of "Minority Interests" in the consolidated statement of financial position at 31 December 2010 and 2009 is as follows:

	2010			2009		
	Minority Interest	Separated Profit(loss) Attributable to Minority Interests	Consolidated Profit(loss) Attributable to Minority Interests	Minority Interest	Separated Profit(loss) Attributable to Minority Interests	Consolidated Profit(loss) Attributable to Minority Interests
Mediacinco Cartera, S,L,	(36,532)	(34,023)	(31,311)	(5,221)	(21,455)	(17,511)
Total	**(36,532)**	**(34,023)**	**(31,311)**	**(5,221)**	**(21,455)**	**(17,511)**

Mediaset Investiment S,A,R,L, is the minority partner of Mediacinco Cartera, S,L,, to which it has granted a participative loan (Note 16).

(Thousands of euros)

16. Long-term provisions

These include provisions made in 2010 and prior years to cover, among other items, contingent risks arising from litigation in progress and unresolved tax assessments.

The changes in long-term provisions in the years ended 31 December 2010 and 2009 were as follows:

2010	Balance at 31,12,09	Charge for the Year	Amount used	Amounts Reversed	Transfer	Balance at 31,12,10
Provision for contingencies and charges	21,320	4,366	(2,024)	(5,867)	14,183	31,978

2009	Balance at 31,12,08	Charge for the Year	Amount used	Amounts Reversed	Transfer	Balance at 31,12,09
Provision for contingencies and charges	43,802	14,795	(2,323)	(10,352)	(24,602)	21,320

At 31 December 2010 and 2009, provisions for liabilities and charges relate to pending lawsuits and appeals between the Group and third parties, Provisions recognised in the year relate to new lawsuits facing the Group, while reversals relate to litigation that has been resolved, Reversals in 2010 include the lawsuit with the tax authorities on assessments raised on 24 July 2009, which were provisioned in 2009 and amounted to EUR 3,543 thousand, and appealed by the Group before the Central Tax Court, This court ruled partially in favour of the company, requiring it to pay a total of EUR 345 thousand, The unused amount of the provision was reversed.

Reversals of provisions in 2009 relate mainly to the settlement of actions by the tax authorities summarised below:

- On 29 June 1995, the Spanish tax authorities initiated a tax audit of the Parent and Publiespaña covering the following taxes and years:

Item(s)	Period
Income tax	1989-90-91-92-93
Value added tax	1990-91-92-93-94
Personal income tax withholdings and prepayments	1990-91-92-93-94
Withholdings from income from movable capital	1990-91-92-93-94
Annual statement of transactions with third parties	1989-90-91-92-93
Non-resident income tax (Form 210)	1990-91-92-93-94
Transfer tax	1990-91-92-93-94
Gaming tax	1992-93-94-95

(Thousands of euros)

- Subsequently, the inspection period was extended to include 1995 for all the aforementioned taxes, which were not originally to be inspected for that year.

- Between December 1996 and February 1997, the audits and inspection were carried out, Following the audits and inspection, €13,373 thousand in penalties was assessed. The Company signed the assessments in disagreement and filed the relevant appeals.

- At the date the 2008 financial statements were prepared, the Group had not received the assessment signed in disagreement which would be added to those initially corresponding to 1995 income tax. Consequently, at that time the definitive amounts which might arise from these contingencies were not known.

- In a decision dated 19 April 2007, handed down in case file number 15/2005, Section One of Criminal Court of the National Court of Justice ruled on the case arising from Summary Proceedings 262/1997 of Central Magistrate Court No, 5, for tax offenses and misrepresentations related to various companies, including Gestevisión Telecinco, S,A, and Publiespaña, S,A,U,, in which these companies were named as being parties jointly and severally liable to a secondary degree.

- In its decision, the National Court of Justice absolved all of the parties accused and affirmed that none of the events under investigation constitutes an offense, Nevertheless, this ruling was appealed by the Prosecutor's Office.

- On 23 June 2008, the Second Court in Criminal Matters of the National Appellate Court rejected Appeal 1701/2007 before the Supreme Court filed the Prosecutor's Office against the aforementioned ruling of the National Court of Justice, upholding the acquittal handed down in the previous instance.

- In June 2009 the corresponding notifications were received from the tax authorities confirming the aforementioned acquittal as ruled by the National Court of Justice; hence the Group reversed the current provisions of EUR 29,612 thousand.

Following the serving of notice on 1 September 2008, the Spanish tax authorities began the review and inspection with regard to the following items and periods for the consolidated tax group Gestevisión-Telecinco:

Item(s)	Period
Income tax	2004 to 2007
Value added tax	July 2007 to December 2007
Taxes withheld on account from non-residents	July 2007 to December 2007
Gaming tax: bets and promotional draws	September 2004 to May 2008
Taxes on games of luck, bets or chance: raffles and tombolas	September 2004 to May 2008
Declaration of annual transactions	2004 to 2007
Summary declaration of deliveries and acquisitions of intra-EU goods	2004 to 2007

(Thousands of euros)

On 26 June 2009 and 24 July 2009 the tax authorities sent the company the tax assessment settlements, These were signed in disagreement, Consequently, the provisions were adjusted in light of the assessments raised by EUR 2,091 thousand and EUR 3,543 thousand and guarantees were deposited for these amounts (Notes 20).

17. Other Non-current liabilities

The breakdown of other non-current liabilities is as follows:

	Balance at 31,12,10	Balance at 31,12,09
Loans to related companies	72,721	60,074
Advances received on loans	378	667
Bank borrowings	-	29,931
Other payables	754	264
Total	**73,853**	**90,936**

- Loans to related companies

  This includes the loan granted by Mediaset Investment, S,R,L,A, to Mediacinco Cartera, S,L, in 2007, which has a single and final maturity date i,e,, 30 June 2012, This loan was granted to finance the acquisition of a 33% ownership interest in Edam Acquisition Holding I Cooperative U,A, It bears interest at Euribor plus 1%, On 30 June 2009, a portion of the balance payable to Mediaset Investment, S,R,L,A, was converted into a participative loan, The portion converted was EUR 27,5 million, The new loan matures on the same date as the original loan and interest payments were linked to the borrower's business performance.

  On 27 July 2010, a further EUR 12,150 thousand was drawn under the same terms and conditions.

  The interest accrued in 2010 on this loan was EUR 497 thousand, In 2009 the interest accrued was EUR 1,284 thousand.

- Bank borrowings

  This heading includes two bank loans that mature in 2012 and bear interest at Euribor plus a market spread, in keeping with the borrower's solvency, The credit limits on the non-current borrowings are EUR 118 million for 2010, of which no amounts were drawn down, and EUR 50 million for 2009.

(Thousands of euros)

18. Short-term provisions

This detail of "Short-Term Provisions" is as follows:

	Balance at 31.12.09	Additions	Applications	Reversions	Transfers	Inclusion in consolidated scope	Balance at 31.12.10
Provisions for sales volu rebates	27,226	38,665	(26,992)	-	-	18,508	**57,407**
Provisions for contingences	30,244	16,353	(8,105)	(33,363)	(5,110)	-	19
	57,470	**55,018**	**(35,097)**	**(33,363)**	**(5,110)**	**18,508**	**57,426**

	Balance at 31.12.08	Additions	Applications	Reversions	Transfers	Balance at 31.12.09
Provisions for sales volume rebates	38,534	26,894	(38,202)	-	-	**27,226**
Provisions for contingences	30,035	6,632	(345)	(29,773)	23,695	30,244
	68,569	**33,526**	**(38,547)**	**(29,773)**	**(23,695)**	**57,470**

Short-term provisions for liabilities were reduced considerably in 2010, due to the following:

On 31 May Telecinco signed an agreement with AIE (Spanish Management Company of Actors, Musicians and Performers) resolving the differences between them regarding the remuneration of publicly broadcast audiovisual recordings, The of reversals in 2010 mostly related to this agreement.

With this settlement agreement, with effect from 1 January 1995 to 31 December 2010, the parties agreed to terminate the various lawsuits and appeals they had initiated, respectively.

In 2009, the short-term provisions related to the 3% of the Company's gross operating income billed from September to December set aside pursuant to Law 8/2009 on the Financing of Radio Televisión Española, In 2010, the entire balance related to Law 8/2009 was transferred to "Other public entities" (Note 19,3) once the definitive procedure for calculating, declaring and paying the amount was developed in Royal Decree 1004/2010 of 5 August, which implemented Law 8/2009 and ITC Order/2373/2010 of 9 September approving the statements and prepayments set out in Law 8/2009.

(Thousands of euros)

19.Tax matters

19.1Consolidated Tax Group

Pursuant to current legislation, the Consolidated Tax Group includes Gestevisión Telecinco, S,A,, as the Parent, and the Spanish subsidiaries that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated profits of corporate groups.

The Group's other subsidiaries file individual tax returns in accordance with the tax legislation in force in each country.

19.2 Years open to tax inspection

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by tax authorities or until the four-year inspection period has expired.

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by the tax authorities or until the four-year inspection period has prescribed, Once the Spanish Tax Authorities' Tax and Customs Control Department of the Central Office of Major Tax Payers had performed its verifications and investigations in 2009, the Group has the following items and years open to inspection:

Item (s)	Years
Income Tax	2008 to 2010
Value added tax	2008 to 2010
Withholdings, non-resident income tax	2008 to 2010
Taxes on games of luck, betting, and chance: raffles and tombola	06/2008 to 2010
Annual transaction statement	2008 to 2010
Consolidated statement of intra-regional delivery and acquisition of assets	2008 to 2010

The Group has the last four years open to inspection of all other applicable taxes, Based on the best interpretation of current legislation, the Parent's directors and tax advisors consider that in the event of a tax inspection, no significant tax contingencies would arise as a result of varying interpretations of the tax legislation applicable to the Group's transactions.

(Thousands of euros)

19.3 Balances relating to Public Authorities

The breakdown of balances relating to Public Authorities is as follows:

	Balance at 31,12,10	Balance at 31,12,09
Value Added Tax Liability	10,490	6,098
Personal income tax withholdings	3,761	2,087
Payable to Social Security	1,880	1,176
Other public entities,	20,361	280
Payable to tax authorities	**36,492**	**9,636**

	Balance at 31,12,10	Balance at 31,12,09
Deferred Tax Assets	**154,049**	**108,215**
Income Tax receivable	**1,328**	**5,660**
VAT receivable	101	2,434
Other tax receivables	19	5
Receivable from tax authorities	**120**	**2,439**

As a result of Law 8/2009 on the Financing of Radio Televisión Española and the definitive procedure for calculating, declaring and paying the amount developed in Royal Decree 1004/2010 of 5 August, which implemented Law 8/2009 and ITC order/2373/2010 of 9 September approving the statements and prepayments set out in Law 8/2009, the amount corresponding to 3% of the Company's gross operating income billed is recognised under "Other public entities", At 31 December 2010, the outstanding balance was EUR 19,921 thousand.

19.4 Income tax reconciliation

The reconciliation of net income and expenses for the year with tax results is as follows:

	2010	2009
CONSOLIDATED INCOME STATEMENT		
Current income tax		
Current income tax expense	26,522	7,051
Deferred tax liabilities		
Relating to increases and decreases in temporary differences	(26,545)	(31,189)
	(22)	**(24,138)**

(Thousands of euros)

	2010	2009
CONSOLIDATED PROFIT BEFORE TAX	36,500	2,849
Tax rate	10,950	855
Permanent differences	394	1,462
Tax credits and rebates	(11,366)	(26,455)
	(22)	**(24,138)**

In 2010 and 2009, the Group has not allocated to consolidated equity any amount that would have a tax effect.

19.5 Deferred taxes

The tax effect was calculated by applying the applicable tax rate in the year each item was generated to the corresponding amount, adjusted for the effect of the change in tax legislation in the current year, if necessary.

2010	Balance at 31.12.10	Increases	Decreases	Inclusion in consolidation scope	Balance at 31.12.09
Deferred Taxes:					
Provisions for fixed assets impairment	3,367	-	(3,367)	-	-
Provision for litigation	7,183	-	(7,008)	-	175
Other concepts	77,994	44,300	-	-	122,294
Tax deductions pending to apply	19,671	8,684	(16,064)	-	12,291
Carry losses forward	-	-	-	19,298	19,298
Total Deferred tax assets	**108,215**	**52,984**	**(26,439)**	**19,289**	**154,049**

2009	Balance at 31.12.10	Increases	Decreases	Balance at 31.12.09
Deferred Taxes:				
Provisions for fixed assets impairment	5,496	-	(2,129)	3,367
Provision for litigation	7,754	-	(571)	7,183
Other concepts	6,680	71,314	-	77,994
Tax deductions pending to apply	6,379	13,292	-	19,671
Carry losses forward	-	-	-	-
Total Deferred tax assets	**26,309**	**84,606**	**(2,700)**	**108,215**

In 2009, the Group transferred approximately EUR 50 million from "Current assets - Income tax current assets" to "Non-current assets - Deferred tax assets" due to the reclassification of the impairment of Edam Acquisition Holding I Cooperativa U,A.

The unused tax credits mainly relate to tax credits for investments in film productions, Most were generated in 2009, with EUR 15,499 thousand applied and EUR 8,684 thousand worth of new tax credits generated in the year, These tax credits may be used over the next 10 years.

Other relates mainly to the temporary difference generated by the impairment of the investee Edam Acquisition Holding I Cooperative U,A.

The Group estimated the taxable profits which it expects to obtain over the next five fiscal years (period for which it considers the estimates to be reliable) based on budgeted projections, It has likewise analysed the reversal period of taxable temporary differences, Based on this analysis, the Group has recognised deferred tax assets for tax credits and deductible temporary differences which it considers probable will be recoverable in the future.

20.Guarantee commitments to third parties

The breakdown, by nature, of the guarantees provided and received at 31 December 2010 and 31 December 2009 are as follows:

Nature of Guarantee	**31,12,10** (Thousands of Euros)	**31,12,09** (Thousands of Euros)
Guarantees provided		
Surety bonds for contracts, concessions and tenders	38,148	46,726
Payments into court	127	364
	38,275	**47,090**
Guarantees received	**20,575**	**26,515**

20.2 Guarantees provided

The first category of guarantees includes EUR 6,010 thousand securing the performance of the obligations arising from the concession to indirectly manage the television service, in accordance with Law 107/1988, of 3 May, and the General Secretariat of Communications Resolution dated 25 January 1989, This concession was renewed for a further ten years by the decision of the Spanish Cabinet on 10 March 2000, made public through a General Secretariat of Communications Resolution of that same date and published in the Official State Gazette on 11 March 2000.

Subsequently, with effect from 3 April 2010, the concession was renewed for another 10 years by the Council of Ministers' resolution of 26 March 2010, publicly announced in the General Secretariat of Communications' Resolution of 7 April 2010 and published in the Official State Gazette on 14 April 2010.

The Group has provided guarantees totalling EUR 280 thousand to the Directorate-General for the Development of the Information Society (Ministry of Science and Technology, now the Ministry of Industry and Tourism) for an indefinite period of time to secure the repayable advances granted by that Directorate-General as aid for research and development in the following projects:

- Research and development of new tools for technological advancement in production processes in digital television.

- Research and development of an information system to manage contracts with electronic signature, security and contingency plans.

The breakdown of the guarantees deposited with the tax authorities is as follows:

- A 3,720 thousand euro guarantee deposited with the Tax and Customs Control Department due to the appeal against the tax settlement agreement notified to the Group by said department on 24 July 2009 and which confirms the proposal given in the assessment from the tax inspection dated 1 September 2008, The tax inspection included verification of income tax for 2004, 2005, 2006 and 2007 (Note 16,2).

- A second guarantee of EUR 2,196 thousand was deposited with the Tax and Customs Control Department due to the appeal against the tax settlement agreement of which the Department notified the Group on 26 June 2009 and which confirmed the proposal given in the assessment from the tax inspection dated 1 September 2008, The tax inspection included the verification of the gaming tax in respect of bets and promotional draws, as well as raffles and tombolas from September 2004 up to and including May 2008 (Note 16,2),

  To guarantee the late-payment interest, the amount of the guarantee was increased by EUR 104 thousand.

The Group has deposited EUR 26, 07 million in guarantees required for its commercial activity in 2010 and 34, 9 million in December 2009.

(Thousands of euros)

20,2 Guarantees received

Under the Group's advertising contracting procedures, deferred sales must be accompanied by performance bonds, The amount of the guarantees received in this connection at 31 December 2010 and 31 December 2009 is shown in the preceding table.

21.Share-based payment plan

At 31 December 2010, as described below, the Group has five valid share option plans which it has granted to certain employees, The last share option plan was approved in 2010.

All the approved plans that remain in effect have a three-year accrual period and the given strike price, and, if applicable, are exercised through the delivery of the shares.

Pursuant to a resolution by the Parent's Board of Directors on 2 February 2011, all the strike prices of each of the share option plans were reestimated to ensure that the two capital increases carried out in 2010 had a neutral impact on the statistics of the exercise of each, This adjustment only affected the strike prices of each Plan, not the number of options originally granted.

The most relevant assumptions used in the measurement are as follows:

	2006 Plan	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Strike	17,49	19,74	7,13	5,21	7,00
Yield on the share (dividend yield)	6%	6%	10%	5%	5,5%
Volatility	22,5%	22,5%	27,5%	30%	50%

The services received from employees in exchange for the share options granted are charged to the separate income statement at fair value calculated on the date granted, An expense of EUR 1,290 thousand was recognised for share options in 2010 (2009: EUR 987 thousand) (Note 23,2).

(Thousands of euros)

These share-based payment schemes in 2010 are shown in the following table (in any case, the granting conditions approved by the Board of Directors have been met):

	No, of options	Strike Price	Assignment date	From	To
Plans outstanding at 31 December 2006	**1,733,150**	17,49	2006	26/07/2009	25/07/2011
Options granted	1,153,650	19,74	2007	25/07/2010	24/07/2012
Options cancelled	(105,000)	17,49	2006		
	(18,000)	20,82	2007		
Plans outstanding at 31 December 2007	**2,763,300**				
Options granted	590,325	7,13	2008	30/07/2011	29/07/2013
Options cancelled	(111,500)	17,49	2006		
	(57,000)	19,74	2007		
Plans outstanding at 31 December 2008	**3,185,125**				
Options granted	319,163	5,21	2009	29/07/20212	28/07/2014
Options cancelled	(36,000)	17,49	2006		
	(36,000)	19,74	2007		
	(18,000)	7,13	2008		
Plans outstanding at 31 December 2009	**3,414,288**				
Options granted	1,297,650	7,00	2010	28/07/2013	27/07/2015
	4,711,938				

The schemes for 2009 are as follows:

	No, of options	Strike Price	Assignment date	From	To
Plans outstanding at 31 December 2005	**1,483,500**	19,70	2005	27/07/2008	26/07/2010
Options granted	1,733,150	18,57	2006	26/07/2009	25/07/2011
Options cancelled	(263,000)	19,70	2006		
Plans outstanding at 31 December 2006	**2,295,650**				
Options granted	1,153,650	20,82	2007	25/07/2010	24/07/2012
Options cancelled	(89,500)	19,70	2005		
	(105,500)	18,57	2006		
	(18,000)	20,82	2007		
Plans outstanding at 31 December 2007	**3,894,300**				
Options granted	590,325	8,21	2007	30/07/2011	29/07/2013
Options cancelled	(94,500)	19,70	2005		
	(111,500)	18,57	2006		
	(57,000)	20,82	2007		
Plans outstanding at 31 December 2008	**4,221,625**				
Options granted	319,163	6,29	2009	29/07/20212	28/07/2014
Options cancelled	(30,000)	19,70	2005		
	(36,000)	18,57	2006		
	(36,000)	20,82	2007		
	(18,000)	8,21	2008		
Plans outstanding at 31 December 2009	**4,420,788**				

(Thousands of euros)

22.Financial Instruments

22.1 Derivatives

The Group uses financial instruments to hedge the foreign currency risks relating to purchases of audiovisual property rights in the year and, when necessary, to hedge those related to commercial transactions with customers, which are recognised in the consolidated statement of financial position.

The breakdown, by maturity, of the notional amounts of derivatives outstanding at the Group at 31 December 2010 is as follows:

2010	Notional amount/ Maturity up to one year	Amount in USD		Fair value
		Dollars	Year - end (€/$) exc, rate	
Purchase of unmatured currency				
Purchase of dollars in euros	9,899	13,643	1,378	332
Sales of dollars in euros	-	-	-	-
Net	9,899	16,643		332

The breakdown, by maturity, of the notional amounts of derivatives outstanding at the Group at 31 December 2008 is as follows:

2009	Notional amount/ Maturity up to one year	Amount in USD		Fair value
		Dollars	Year - end (€/$) exc, rate	
Purchase of unmatured currency				
Purchase of dollars in euros	8,664	11,975	1,382	337
Sales of dollars in euros	(31)	(41)	1,288	(3)
Net	8,633	11,934		334

The foreign currency derivatives associated with the property rights are measured at the difference between the present value of the quoted foreign currency hedge at the forward exchange rate in the contract and the value of the quoted foreign currency hedge at year end.

22.2The classification of financial assets and liabilities per the categories established in IAS would be as follows:

	Equity instruments		Debt securities		Loans, derivatives and other financial assets		Total	
(Thousands of euros)	2010	2009	2010	2009	2010	2009	2010	2009
Non-current financial assets								
Assets at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	60,786	34,537	60,786	34,537
Available-for-sale financial assets								
Measured at fair value	301	1,992	-	-	-	-	301	1,992
Measured at cost	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
TOTAL	301	1,992	-	-	60,786	34,537	61,087	36,529
Current financial assets								
Assets at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	298,571	187,136	298,571	187,136
Available-for-sale financial assets								
Measured at fair value	-	-	-	-	-	-	-	-
Measured at cost	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	332	3	332	3
TOTAL			-		298,903	187,139	298,903	187,139
TOTAL	**301**	**1,992**	**-**	**-**	**359,689**	**221,677**	**359,990**	**223,668**

These financial assets are classified in the statement of financial position as follows:

	2010	2009
Non-current financial assets	61,087	36,529
Accounts receivable	270,414	182,003
Other current financial assets	28,489	5,136
	359,990	223,668

Accounts receivable" includes trade receivables less provisions for uncollectible receivables, which amounted to a gross EUR 281,293 thousand in 2010 and EUR 187,183 thousand in 2009.

The maturity of the principal financial assets is as shown in the following table (in thousands of euros):

2010	Due dates				
	Balance	Less than 3 months or due dated	6 months	12 months	30 months
Trade receivables	281,293	261,891	4,528	14,874	-
Other debtors	51	51	-	-	-
Other financial current assets	28,489	25,450	-	3,039	-
	309,833	287,392	4,528	17,913	-

2009		Due dates			
	Balance	Less than 3 months or due dated	6 months	12 months	30 months
Trade receivables	187,183	170,155	2,801	14,227	-
Other debtors	8	8	-	-	-
Other financial current assets	5,136	-	-	5,136	-
	192,327	170,163	2,801	19,363	

	Bank borrowings		Bonds and other marketable debt securities		Payables, derivatives and other financial assets		Total	
(Thousands of euros)	2010	2009	2010	2009	2010	2009	2010	2009
Non-current financial liabilities								
Trade and other payables	-	29,930	-	-	73,853	61,005	73,853	90,936
Liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
Held for trading	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
	-	**29,930**	**-**	**-**	**73,853**	**61,005**	**73,853**	**90,936**
Current financial liabilities								
Trade and other payables	71,012	75,637	-	-	369,660	195,722	440,672	271,359
Liabilities at fair value through profit or loss		-	-	-	-	-	-	-
Held for trading	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	337	-	337
	71,012	**75,637**	-	-	**369,660**	**196,059**	**440,672**	**271,696**
	71,012	**105,567**	**-**	**-**	**443,513**	**257,064**	**514,525**	**362,631**

Bank borrowings relates to the amounts drawn on credit facilities granted to the Group, They bear market rate interest, At 31 December 2010, the Group's undrawn credit amounted to EUR 262,343 thousand, (2009: €222,611 thousand), The interest accrued on these loans in 2010 amounted to EUR 1,364 thousand, (2009: €1,275 thousand).

These financial liabilities are classified in the statement of financial position as follows:

	2010	2009
Other non-current liabilities (Note 17)	73,853	90,936
Payable to related parties (Note 25)	43,306	22,416
Accounts payable for purchases and services	230,526	102,570
Accounts payable for audiovisual rights	33,934	50,485
Other non-trade payables	132,906	96,224
	514,525	362,631

There are no significant differences between the fair value and the net carrying amounts of financial assets and liabilities at 31 December 2010 and 2009.

The maturity of the principal financial instruments is as shown in the following table (in thousands of euros):

2010		Maturities			
	Balance	3 months	6 months	12 months	30 months
Payable for purchases or rendering of goods or services	230,526	225,574	4,937	15	-
Payables for purchases of audiovisual rights	33,934	33,844	90	-	-
Bank borrowings	71,012	35,522	10,690	25,000	-
Payables for acquisition of assets	4,694	4,004	690	-	-
Total	**340,166**	**298,744**	**16,407**	**25,015**	**-**

2009		Maturities			
	Balance	3 months	6 months	12 months	30 months
Payable for purchases or rendering of goods or services	102,570	99,457	2,556	557	-
Payables for purchases of audiovisual rights	50,485	50,207	17	261	-
Bank borrowings	75,637	13,177	12,468	44,838	5,154
Payables for acquisition of assets	1,233	1,057	176	-	-
Total	**229,925**	**163,898**	**15,217**	**45,656**	**5,154**

The maturities of the borrowings from related parties are shown in detail in Note 25,1,
In accordance with prevailing mercantile legislation, in 2010 the Group must disclose the outstanding balances owed to suppliers at the reporting date that are older than the deadline provided for in Law 15/2010 of 7 July establishing measures against late payment in commercial transactions, According to this law, payment in general must be made within 60 days, There is a transitional period of 85 days from the entry into force of this law until 31 December 2011, of 75 days in 2012 and 60 from 1 January 2013, At 31 December 2010 the outstanding amounts payable to suppliers over 85 days was EUR 90,057 thousand, This figure is due mainly to administrative tasks in the processing of invoices and the impact of the increase in consolidation scope.

22.3Capital management policy

The Group's capital management policy is focused on securing a return on investment for shareholders that maximises the profitability of their contribution to the company thereby making the Company a highly attractive investment vehicle for the market, The capital structure of the company places it in an excellent position as a result of its significant capacity to generate positive cash flows, even in the current markets condition.

22.4Risk management policy

To efficiently manage the risks to which the Telecinco Group is exposed, certain control and prevention mechanisms have been designed and implemented, led by the senior executives of the Group in the Audit Committees, These mechanisms have been put into place in the corporate governance rules and have been applied throughout the Group.

The measures adopted by the Group to manage risks can be classified into three main categories and were designed to cover exposure to credit risk, liquidity risk and market risk.

22.4.1Credit risk

Credit risk exists when a potential loss may arise from the Company's counterparty not meeting its contractual obligations, i,e,, the possibility that financial assets will not be recovered at their carrying amount within the established timeframe.

The Group maximum exposure to credit risk at December 31, 2010 and December 31, 2009 was as follows:

	2010 Thousands of euros	2009 Thousands of euros
Non-current receivables	61,087	34,537
Non-current financial investments	-	1,992
Trade and other receivables	264,652	179,415
Current receivables from Group companies and associates	5,805	2,587
Current investments	28,489	5,136
Cash and cash equivalents	87,900	5,564
	447,933	229,231

For the purposes of credit risk Group management differentiates between financial assets arising from operations and those arising from investments.

22.4.2Operating activities

Most of the operating activities of the Group consist of advertising revenues.

Group management has developed a policy whereby credit limit by customer type and authorisation levels in order to approve transactions are established.

The financial assets considered as part of the operating activities are trade receivables for sales and services.

From a business standpoint, the Group considers the advertisers to be the end customer; none of these represents significant business revenue in terms of the Group's total turnover, It is standard sector practice to use media agencies as intermediaries between advertisers and the television channel offering the advertising space, The risk of concentration of balances with these intermediaries is broken down below:

	2010		2009	
Thousands of Euros	Total amount	No, of customers	Total amount	No, of customers
From 0 to 100	10,660	946	9,657	850
From 100 to 200	8,867	62	7,359	53
From 200 to 500	12,667	41	10,110	34
From 500 to 1,000	13,448	19	15,053	21
Over 1,500	235,651	34	145,004	22
Total	**281,293**	**1,102**	**187,183**	**980**
Provisions	(18,272)		(15,960)	
Net	**263,021**	**1,102**	**171,223**	**980**

These balances all mature within less than 12 months.

The movement in provisions was EUR 2,312 thousand.

The Group constantly monitors the age of its debt, and there were no risk situations at year-end.

22.4.3 Investing activities

The financial assets considered as investment activity are non-current loans (Note 10), non-current financial investments (Note 11) and current financial investments (Note 13). Those notes provide information on the concentration of this risk and the related maturities.

A Financial Risk Management Procedures Manual sets forth the general criteria governing investments of the Group's Treasury surpluses, which, in broad terms, are as follows:

- The investments are made with institutions (whether domestic or foreign) of recognized financial solvency.

- The investments are placed in conservative products (bank deposits, debt repos, etc,) on which, in general, the repayment of the invested capital is guaranteed.

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- Authorizations for the corresponding investments are limited by the powers granted to the group's senior executives and, in any event, are highly restricted (according to the amount, the Board Members, General Management and Operations Director, Financial Director).

- Under ordinary circumstances, the longest term is three months and the investments usually offer automatically available funds.

22.4.4Liquidity risk

The Company's financial structure is at a low liquidity risk, given the low level of financial leveraging and the high levels of operating cash flows generated each year.

Liquidity risk would result from the Group having insufficient funds or access to sufficient funds at an acceptable cost to meet its payment obligations at all times, The Group's objective is to maintain sufficient available funds,

The Group's policies establish the minimum liquidity levels required at all times:

- Excess liquidity may only be invested in certain types of assets (see previous section on credit risk/investment activities) the liquidity of which is guaranteed.

- The amount of the Group's revolving credit lines ensures that the Group is able to meet its operating needs as well as finance new short-term investment projects, At year-end 2010, the opening credit lines total 333 million euros, At the year-end 2009, the opening credit lines total 348 million euros, Given the difficult market situation, these credit lines have been contracted under very competitive financial conditions, which strengthen the financial sector's perception that the Group is creditworthy and sound.

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22.4.5Market risk

Given the nearly complete absence of financial debt, there are no financial risks associated with interest-rate movements, Nevertheless, and for illustrative purposes, the Group has conducted a test to determine the sensitivity of the Group's cash surpluses to certain modifications in interest rates.

The following assumption was used: beginning with our year-end cash surpluses, and taking the 1-month Euribor at December31 as the benchmark, we applied a variation of +100 basis points -30 basis points.

(Thousands of euros)

The sensitivity test shows that the impact of variations on the interest rates applied to the cash surpluses at December 31 would, in any event, not be significant and would exclusively affect the amount of financial income,

	Reference Rate (%)	Cash Surpluses	Annual interest	100 bp	Annual interest	-30 bp,	-100 bp,	Annual interest
31-12-10	0,80%	-28,050	-219	1,782	-500	0,482	-	-135
31-12-09	0,50%	-156,005	-707	1,453	-2,267	0,153	-	-239

22.4.6 Sensitivity analysis and estimates of the impact of changes in exchange rates on the separate income statement.

The financial instruments exposed to EUR/USD exchange-rate risk, mainly consisting of future currency-purchase agreements, have undergone a sensitivity test at the statement of financial position date.

The exposed statement of financial position value of these financial instruments was corrected by applying a symmetrical percentage change, equal to the 1-year implicit volatility of the currency in question published by Reuters (14,6% for 2010 and 13,2% for 2009), to the year-end exchange rate.

The sensitivity test shows that the variations on the year-end exchange rate would have had an impact on the Separate Income Statement account that, in any event, is not significant.

Analysis of accounts payables to suppliers in foreign currency:

31/12/2010			31/12/2009		
USD	Exc, Rate	Differences	USD	Exc, Rate	Differences
13,643	1,3362	332	11,934	1,446	-334
Sensitivity test					
13,643	1,1414	2,072	11,934	1,2501	926
13,643	1,5310	-965	11,934	1,6311	-1,299

Analysis of derivatives on purchases from suppliers in foreign currencies:

31/12/2010			31/12/2009		
USD	E,R,	Differences	USD	E,R,	Differences
17,305	1,3362	-467	12,724	1,4406	435
Sensitivity analysis					
17,305	1,1414	-2,678	12,724	1,2501	-910
17,305	1,5310	1,180	12,724	1,6311	1,467

23Income and expenses

23.1The detail of the Group's ordinary revenue is as follows:

Activity	2010 Thousands of Euros	2009 Thousands of Euros
Publiespaña Group advertising revenue	794,501	589,791
Other advertising revenue	423	355
Revenue from the rendering of services	30,063	32,948
Other	12,814	10,461
Total	**837,801**	**633,555**

23.2The detail of "Staff Costs" in 2010 and 2009 is as follows:

	2010 Thousands of Euros	2009 Thousands of Euros
Wages and salaries	74,559	64,279
Accrued share-based payment costs (Note 20)	1,290	987
Social security costs	11,740	11,979
Employee benefit costs	2,295	2,296
Total	**89,884**	**79,541**

The average number of employees at the Group, by professional category, was as follows:

	2010		2009	
	Men	Women	Men	Women
Managers	69	31	70	30
Supervisors	33	42	28	45
Other line personnel	47	67	47	68
Clerical staff	418	364	439	381
Other	21	2	21	2
Employees under contracts for project work or services	4	6	2	6
Total employees	**592**	**512**	**607**	**532**

23,3. The breakdown of personnel by gender and by professional category at 31 December is as follows:

	2010		2009	
	Men	Women	Men	Women
Managers	92	34	68	30
Supervisors	58	56	29	42
Other line personnel	537	544	424	366
Clerical staff	84	120	46	69
Other	24	3	21	2
Employees under contracts for project work or services	13	16	3	7
Total employees	**808**	**773**	**591**	**516**

23,4 The detail of "Change in Operating Provisions" at the statement of financial position date, which relates to the allowance for doubtful debts, is as follows:

	2010 Thousands of Euros	2009 Thousands of Euros
Charge for the year	3,679	3,324
Losses on uncollectible receivables	-	-
Amounts used	(3,017)	(2,929)
Total	**662**	**395**

23,5 The breakdown of "Other expenses" in 2010 and 2009 is as follows:

	2010	2009
Other expenses	164,454	145,394
Overprovisions	(10,749)	(42,545)
Total	153,703	102,849

Overprovisions mainly include the reversal of the provisions explained in Notes 16 and 18, 23.6 Services provided by the auditors

"Other operating expenses" in the accompany consolidated income statement includes the fees for the audit of the Group's financial statements in 2010, conducted by Ernst & Young, S,L,, amounting to €174 thousand and €171 thousand in 2009.

The fees for other professional services provided exclusively to the Parent by the principal auditor amounted to €575 thousand at December 31, 2010 corresponding to audit-related services.

23. 7 The detail of the Group's net finance income in 2010 and 2009 is as follows:

	2010 Thousands of Euros	**2009** Thousands of Euros
Interest income	7,359	8,335
Less interest expenses	(3,907)	-5,240
Total	**3,452**	**3,095**

Finance income arises mainly from the interest on loans to related parties and interest earned from banks.

Finance expenses arise from the interest on associates' loans and the interest on credit facilities.

23.8 Exchange differences

The detail of the exchange differences in 2010 and 2009 is as follows:

	2010 Thousands of Euros	**2009** Thousands of Euros
Exchange gains	135	292
Exchange losses	(528)	(186)
Total	**(393)**	**106**

The foreign currency transactions, which related to the acquisition of audiovisual property rights and distribution rights, amounted to USD 35 million in 2010 (2009: USD 26 million).

In addition, the balance of the trade payables for purchases of audiovisual property rights includes EUR 12,951 thousand denominated in US dollars in 2010 (2009: EUR 9,303 thousand).

Trade receivables for sales and services includes EUR 57 thousand denominated in US dollars in 2010 (2009: EUR 102 thousand).

23.9 Operating leases

The detail of "Operating Leases" in 2010 and 2009 is as follows:

	2010	2009
	Thousands of Euros	
Minimum lease payments under operating leases recognised in profit or loss	474	440
	474	**440**

The future operating lease obligations assumed by the Group fall due at one year and are for amounts similar to those for 2010.

24, Earnings per share

The calculation of the weighted average number of shares outstanding and diluted at 31 December 2010 and 2009 is as follows:

	31/12/2010	31/12/2009
Total shares issued	**406,861,426**	**246,641,856**
Less: treasury shares	(3,567,996)	(3,520,562)
Total shares outstanding	403,293,430	243,121,294
Dilutive effect of share options and free delivery of shares	(2,189,138)	(319,163)
Total number of shares for calculating diluted earnings per share	401,104,292	242,802,131

24.1Basic earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss attributable to the Group by the weighted average number of shares outstanding during the year, excluding the average number of treasury shares held in the year.

Accordingly:

	2010	2009	Change
Net profit for the year (thousands of euros)	70,545	48,442	22,103
Number of shares outstanding	403,293,430	243,121,294	160,172,136
Basic earnings per share (euros)	**0,17**	**0,20**	**(0,02)**

24.2 Diluted earnings per share:

Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to ordinary shareholders adjusted for the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares of the Company, For these purposes, the conversion is deemed to take place at the beginning of the year or on the date of issue of the potential ordinary shares if such shares had been issued during the reporting period.

Accordingly:

	2010	2009	Change
Net profit for the year (thousands of euros)	70,545	48,442	22,103
Number of shares for calculating diluted earnings per share	401,104,292	242,802,131	158,302,161
Diluted earnings per share (euros)	**0,18**	**0,20**	**(0,02)**

25 Related party transactions

25.1 Transactions with associates and shareholders

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note, Transactions between the Group and its associates are disclosed below, Transactions between the Company and its subsidiaries and associates are disclosed in the Company's individual financial statements.

(Thousands of euros)

The Group's accounts payable to and receivable from related parties are as follows:

	31,12,2010		31,12,2009	
	Receivable	Payables	Receivable	Payables
Publieci Televisión, S,A,	-	-	-	-
Aprok Imagen SL,	-	-	-	2
Big Bang	-	702	19	1,616
Comeradisa	-	-	-	-
Producciones Mandarina, S,L,	7	2,871	1	1,397
La Fábrica de la Tele, S,L,	108	4,379	127	4,621
Alba Adriática, S,L,	-	-	879	1,161
Digital +	3,059	10,044	-	-
Grupo Mediaset	102	1,404	465	1,149
Grupo Vocento	-	-	1	-
Grupo Endemol	241	11,469	257	12,470
Grupo Pegaso Televisión	1,214	-	838	-
Grupo Prisa	1,074	12,437	-	-
Total	**5,805**	**43,306**	**2,587**	**22,416**

The mezzanine and second lien loans are explained in Note 11,

The detail, by maturity, of the balances payable to all the related parties is as follows:

2010	Balance sheet	Maturities		
		3 months	6 months	12 months
Investee	3,175	3,175	-	-
Mediaset Group	312	312	-	-
Other Companies	2,318	2,318	-	-
Total	**5,805**	**5,805**	**-**	**-**

2009		Maturities		
	Balance	3 months	6 months	12 months
Investee	1,863	1,863	-	-
Mediaset Group	464	464	-	-
Other Companies	260	260	-	-
Total	**2,587**	**2,587**	**-**	**-**

(Thousands of euros)

Current payables to related parties by maturity are as follows:

2010	Balance sheet	Maturities 3 months	6 months	12 months
Investee	17,996	16,761	1235	-
Mediaset Group	1,404	887	517	-
Other Companies	23,906	23,331	575	-
Total	**43,306**	**40,979**	**2,327**	**-**

2009	Balance sheet	Maturities 3 months	6 months	12 months
Investee	8,796	8,276	520	-
Mediaset Group	1,150	1,150	-	-
Other Companies	12,470	2,864	9,606	-
Total	**22,416**	**12,290**	**10,126**	**0**

During the year, the Group companies performed the following transactions with related parties:

	Sales of goods		Purchase of goods		Other sales		Purchase of rights	
	2010	2009	2010	2009	2010	2009	2010	2009
Publieci Televisión, S.A.	-	-	-	-	-	-	-	-
Aprok Imagen SL.	-	-	-	140	-	-	-	-
Big Bang	-	16	5,451	3,562	-	-	1,907	120
Premiere Megaplex	-	-	-	-	-	-	-	-
La Fábrica de la Tele, S.L.	418	1,153	35,366	21,242	-	-	-	-
Producc. Mandarina, S.L.	49	108	17,665	7,295	-	-	566	-
Alba Adriática, S.L.	-	52	-	353	-	-	-	15,078
Grupo Mediaset	326	1,350	280	1,363	1,491	2,458	5	-
Grupo Vocento	-	12	-	592	-	28	-	-
Grupo Endemol	69	29	30,761	36,402	-	-	30	-
Grupo Pegaso	1,089	840	-	-	-	-	-	-
Total	**1,951**	**3,560**	**89,523**	**70,949**	**1,491**	**2,486**	**1,698**	**15,198**

The amounts outstanding are unsecured and will be settled in cash, No guarantees have been given or received, No material provisions have been made for doubtful debts in relation to the amounts owed by related parties.

(Thousands of euros)

The detail of the financing terms between the Group and associates and shareholders as regards the established limits, balances drawn down and maturities is as follows:

Credit facilities

	Current Limit	Drawn Down (Dr) Cr	Non-current Limit	Drawn Down (Dr) Cr	Maturity
Exercise 2010					
Associates or Shareholders	-	72,721	75,000	-	2012
Exercise 2009					
Associates or Shareholders	-	60,074	75,000	-	2012

The balance drawn down at year end 2010 includes the participative loan granted by Mediaset Investment, S,R,L,A, (Note 17).

The interest rates applicable to these credit facilities, excluding those arranged as participating loans, were EURIBOR plus a market spread of 100 basis points for 2010 and 2009.

Financing provided to associates consists primarily of credit facilities or commercial loans.

25.2Remuneration of directors

The Company's Board members earned total remuneration of EUR 4,990 thousand and EUR 4,175 thousand in 2010 and 2009, respectively, in the form of salaries and other compensation in kind.

The Company has not granted the directors any advances or loans and it does not have any pension or other obligations to them.

In addition, in 2010 the Company's Board of Directors granted directors a total of 397,250 share options (108,312 share options in 2009) valued at EUR 319 thousand, which had not been exercised at 2010 year-end.

Each option granted carries the right to purchase one share of the Parent.

The exercise price of each option in 2010 is EUR 7, 00 (EUR 5, 21 in 2009), see Note 21.

(Thousands of euros)

At 31 December 2010, the most significant information on the share options granted by the Company to its directors is summarised as follows:

	Number of share options	Exercise Price (euros)	Beginning of Exercise Period	End of Exercise Period
Total Board of Directors				
Options granted in 2006	433,250	17,49	26/07/09	25/07/11
Options granted in 2007	433,250	19,74	25/07/10	24/07/12
Options granted in 2008	216,625	7,13	30/07/11	29/07/13
Options granted in 2009	108,312	5,21	29/07/12	28/07/14
Options granted in 2010	397,250	7,00	28/07/13	27/07/15

Other disclosures on the Board of Directors

Information on equity investments held by directors in companies with similar activities and functions performed by these on their own behalf or on behalf of third parties.

In compliance with Article 229,2 of the Spanish Corporation Law, and regarding the parent company, we hereby state that Giuseppe Tringali, Paolo Vaisle, Giuliano Adreani, José Ramón Alvarez Rendueles, Pier Silvio Berlusconi, Fedele Confalonieri, Ángel Durández Adeva, Marco Giordani, Manuel Polanco Moreno, Alfredo Messina, Borja de Prado Eulate, Massimo Musolini, Helena Revoredo Delvecchio and Juan Luis Cebrián Echarri, members of the Board of Directors of GESTEVISION TELECINCO, S,A, as of December 31, 2010, nor any related party to the above board members according to article 231 of the Capital Companies Law, have not owned and do not own shareholdings in the share capital of companies that have a corporate purpose identical, similar or complementary to the activity that constitutes GESTEVISION TELECINCO, S,A,'s corporate purpose.

D, Alejandro Echevarría Busquet:

Subsidiary	Activity	Ownership	Duties
Vocento, S,A,	Communication	0,00878 %	-
Diario ABC, S,L,	Newspaper publishing	0,0002 %	-

It is hereby noted for Alejandro Echevarría Busquet, Giuseppe Tringali, Paolo Vasile, Giuliano Adreani, José Ramón Álvarez Rendueles, Pier Silvio Berlusconi, Fedele Confalonieri, Ángel Durández Adeva, Marco Giordani, Alfredo Messina, Borja de Prado Eulate, Massimo Musolino, Helena Revoredo Delvecchio and Manuel Polanco Moreno, as members of the Board of Directors of GESTEVISION TELECINCO, S,A, at 31 December 2010, that their related parties do not hold positions in companies whose activities are identical, similar or complementary to those of the Company's in accordance with article 231 of the Capital Companies Law:

Juan Luis Cebrián Echarri

Person related to Director	Company	Duties
Daughter	Corporación RTVE, Radio Televisión Española	Head of Cinema
Son	Plural Entertainment España, S,L,	Head of Fiction Series
Sister	Prisa Televisión, S,A,U,	Head of Research

In accordance with the aforementioned text, the following is a schedule of the activities carried out by the Company's Board of Directors at December 31, 2010, either on their own or on others' behalf, in company's engaging in business activities that are identical, similar or complementary to the activity that constitutes the corporate purpose of GESTEVISION TELECINCO, S,A:

D, Alejandro Echevarría Busquet:

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Diario El Correo, S,A,	Newspaper publishing	Self-employed	-	Board Member
Editorial Cantabria, S,A,	Newspaper publishing	Self-employed	-	Board Member
Sociedad Vascongada de Publicaciones, S,A,	Newspaper publishing	Self-employed	-	Board Member
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S,A,U,	New agency	Self-employed	-	Chairman
Publiespaña, S,A,U,	Advertising agency	Self-employed	-	Chairman

D,Paolo Vasile

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Canal Factoría de Ficción, S,A,U,	Production and distribution of audiovisual products and programs	Company employee	Gestevisión Telecinco, S,A,	Board Member
Sociedad General de Televisión Cuatro, S,A,U	Indirect management of public free-to-air TV service	Company employee	Gestevisión Telecinco, S,A,	Joint and several director
Publiespaña, S,A,U,	Advertising agency	Company employee	Gestevisión Telecinco, S,A,	Board Member
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S,A,U,	New agency	Company employee	Gestevisión Telecinco, S,A,	Board Member
Conecta 5 Telecinco, S,A,U,	Exploitation of audiovisual content on the Internet	Company employee	Gestevisión Telecinco, S,A,	Chairman
Grupo Editorial Tele 5, S,A,U,	Exploitation of rights; production and distribution of publications	Company employee	Gestevisión Telecinco, S,A,	Chairman
Telecinco Cinema, S,A,U,	Television broadcasting services and intermediation in the markets for audiovisual rights	Company employee	Gestevisión Telecinco, S,A,	Chairman

D, Giuliano Adreani

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
R,T,I, – Reti Televisive Italiane S,p,A,	Television operator	Self-employed	-	Board Member
Digitalia 08 S,r,l,	Selling of advertising space	Self-employed		Chairman
Publiespaña, S,A,U,	Advertising agency	Self-employed	-	Board Member
Publitalia 80 S,p,A,	Selling of advertising space	Self-employed	-	Chairman and Managing Director

D, Pier Silvio Berlusconi

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
R,T,I, – Reti Televisive Italiane S,p,A,	Television operator	Self-employed	-	Chairman/Managing Director
Publiespaña, S,A,U,	Advertising agency	Self-employed	-	Board Member
Publitalia 80 S,p,A,	Selling of advertising space	Self-employed	-	Board Member

D, Fedele Confalonieri

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Publiespaña, S,A,U,	Advertising agency	Self-employed	-	Board Member

D, Giuseppe Tringali

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Publitalia 80 S,p,A,	Selling of advertising space	Self-employed	-	Board Member
Publieurope Limited	Selling of advertising space	Self-employed	-	Board Member
Sogecable Media, S,A,U,	Advertising sales	Company employee	Publiespaña, S,A,U,	Joint and several director
Publiespaña, S,A,U,	Advertising agency	Company employee	Publiespaña, S,A,U,	Board Member
Publimedia Gestión, S,A,U,	Carrying out and executing advertising projects	Company employee	Publiespaña, S,A,U,	Joint CEO

D, Marco Giordani

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
R,T,I, – Reti Televisive Italiane S,p,A,	Television operator	Self-employed	-	Joint CEO

D,Massimo Musolino

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Canal Factoría de Ficción, S,A,U,	Production and distribution of audiovisual products and programs	Company employee	Gestevisión Telecinco, S,A,	Chairman/Managing Director
Publiespaña, S,A,U,	Advertising agency	Company employee	Gestevisión Telecinco, S,A,	Board Member
DTS Distribuidora de Televisión Digital, S,A,	Indirect management of public pay TV service	Company employee	Gestevisión Telecinco, S,A,	Vice Chairman
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S,A,U,	New agency	Company employee	Gestevisión Telecinco, S,A,	Board Member
Conecta 5 Telecinco, S,A,U,	Exploitation of audiovisual content on the Internet	Company employee	Gestevisión Telecinco, S,A,	Board Member
Grupo Editorial Tele 5, S,A,U,	Exploitation of rights; production and distribution of publications	Company employee	Gestevisión Telecinco, S,A,	Joint CEO
Telecinco Cinema, S,A,U,	Television broadcasting services and intermediation in the markets for audiovisual rights	Company employee	Gestevisión Telecinco, S,A,	Joint CEO
Corporación de Medios Radiofónicos Digitales, S,A,	Radio-and television-related activities	Company employee	Gestevisión Telecinco, S,A,	Board Member
Mediacinco Cartera, S,L,	Financial investments	Company employee	Gestevisión Telecinco, S,A,	Chairman
Premiere Megaplex, S,A,	Film distribution	Company employee	Gestevisión Telecinco, S,A,	Board Member

Manuel Polanco Moreno

09 Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Prisa Television, S,A,U,	Television holding company	-	-	Vice Chairman
Grupo Media Capital, SGPS,S,A,	Television holding company	-	-	Board Member

Juan Luis Cebrián Echarri

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Prisa Television, S,A,U, (formerly Sogecable, S,A,U,)	Television holding company	-	-	Vice Chairman
Grupo Media Capital, SGPS,S,A,	Television holding company	-	-	Board Member
Promotora de Informaciones, S,A,	Information holding company	-	-	CEO and Chairman of Executive Committee

In accordance with the above, we hereby state that José Ramón Álvarez Rendueles, Angel Durández Adeva, Miguel Iraburu Elizondo, Alfredo Messina, Borja de Prado Eulate, Helena Revoredo Delvecchio have not and do not carry out activities, either on their own or on others' behalf, in companies engaging in business activities that are identical, similar or complementary to the activity that constitutes GESTEVISIÓN TELECINCO, S,A,'s corporate purpose,

25.3Compensation to key management personnel

Compensation paid to General Directors of the Company and individuals who discharge similar functions, excluding those who are also members of the Board of Directors, is summarized as follows:

No of persons		Total Compensation (Thousands of euros)	
2010	2009	2010	2009
21	21	7,357	9,162

A list of the key management personnel is included in the accompanying management report.

The remuneration consists of a fixed amount and a variable amount, The variable remuneration is determined by applying a percentage to the fixed remuneration in each case, based on the extent to which certain annual targets are met,

In addition, there is an item of remuneration that is earned over more than one year the targets of which are not certain to be met; however, at December 31, 2010 and 2009, the Company recognized a provision that represent its best estimate at that date based on a conservative forecast,

A total of 900,400 options were granted to senior executives in 2010 (2009: 210,851 options) for EUR 723 thousand (2009: EUR 74 thousand) recognised under “Employee benefits expense”,

26Significant events after the reporting date

On 1 February 2010, the company filed a redundancy plan with the Directorate General of Labour affecting 127 employees, of which 69 belonged to Sogecuatro and 58 to “Compañía Independiente de Noticias de Televisión” (CINTV),

THE SPANISH ECONOMY IN 2010

It is widely known that in 2009 the deep recession and severe consequences of the financial crisis tested the very foundations of the world's economies, Both consumption and investment plummeted, while financial sector turmoil reached unprecedented heights, All this undermined the economic prospects of businesses and households across the globe.

Global economic activity began showing some signs of revival in 2010, especially in the second half of the year, The pace of recovery was varied, not only across the various geographic areas (China, India, the US, Latin America or Europe) but also within unified economic areas, The most obvious example is Europe, where recovery was faster in "core" than "peripheral" countries.

2010 was also one of the most difficult years yet for the European Union since the advent of the euro, if not since the union was created, Economic fears surrounding countries like Greece, Ireland, Portugal and even Spain, led to major tension in the financial markets, causing the spreads between their bonds and those of the large continental countries (especially Germany) to widen to all-time highs.

These situations, largely caused by budget deficit and financial solvency concerns, but also general wariness in the market regarding the effectiveness of the internal adjustment measures being implemented, led Greece and Ireland to avail of the EU Rescue Plan to save them from fiscal and financial collapse, Meanwhile, Portugal has teetered on the edge of intervention for months.

Despite persistent rumours in recent months regarding the depth of Spain's fiscal imbalances and the state of its financial system, as of the date of authorisation for issue of these consolidated financial statements the country's bond spreads had flattened compared to previous levels.

In effect, Spain struggled in 2010, especially compared to the other main Eurozone economies, The highly anticipated recovery failed to take place, with GDP contracting 0,10%, compared to growth of 2,9% in the US, 3,5% in Germany and 1,5% in France, These figures were preliminary as of the date of authorisation for issue of these consolidated financial statements.

Spain first began seeing jobs destroyed in 2007, However, last year the situation was far worse, with unemployment reaching 20,2% of the total labour force by the end of 2010, its worst reading for more than a decade.

Elsewhere, the government was forced to adopt a series of internal adjustment measures during the year regarding taxes, public expenditure and labour policy. While the impact remains to be seen, these are obviously steps in the right direction judging by the responses of both markets and Spain's main partners.

Also noteworthy was that at the date of authorisation for issue of these consolidated financial statements a number of legislative initiatives were underway (e.g., savings bank reform) affecting a large part of the financial sector, These initiatives will certainly bring about a major change to the rules of the game in this market.

Lastly, regarding the outlook for the Spanish economy in 2011, forecasts suggest there will not be any sustained recovery, with no powerful reason to expect GDP growth above 1%, This is hardly enough to have a major impact on job creation and, through this, to expect any meaningful improvement in consumption, We will also have to pay close attention to inflation trends, above all the impact on the CPI of commodity prices, and to interest rates, which could see some upward pressure deriving from a pick-up in activity and inflationary pressures in Eurozone core countries.

In short, 2011 is shaping up to be a year of transition, with limited scope for sufficient economic recovery to ensure growth in the main macroeconomic figures,

TELECINCO: PREPARING FOR TAKE-OFF

The adverse economic backdrop caused demand for television advertising to fall more in 2008 and 2009 than at any time before, with prices plummeting as public TV benefited from a dual financing model and due to the excess supply of TV space.

In 2010, however, RTVE was legally obliged to stop airing commercials; this was a momentous event for commercial television, helping to partly reverse the inexorable decline in prices seen in previous years.

At Telecinco, our leadership position among commercial networks by audience and advertising sales prices left us poised to benefit from the partial rebound in prices seen in 2010; at the date of authorisation for issue of these consolidated financial statements, estimates pointed to growth of around 4% in TV advertising in Spain.

We cannot overlook the audience ratings achieved with the retransmission of the 2010 FIFA World Cup South Africa held in June and July, with Spain emerging as world champion.

If not profitable, the year's major sporting events at least raise the broadcaster's profile and audience levels to an extent that could not otherwise be achieved, accordingly, this investment decision was capped with the ultimate success in sport: the Spanish team holding up the champion's trophy.

Last year also featured the acquisition of 22% of the pay TV platform, Digital+, and 100% of Prisa's free-to-air TV business, executing the preliminary agreement signed in 2009 and contingent on meeting certain suspensive conditions (e.g., authorisation by the anti-trust authorities), Telecinco acquired Digital+ through a capital increase with pre-emptive subscription rights and Prisa's free-to-air TV business through a share swap, with the seller taking a non-controlling interest in Telecinco,

The strategic logic behind the moves was clear and easily understood by the market; the capital increase with pre-emptive subscription was nearly 10 times oversubscribed, The deals reinforced Telecinco's position as the Spanish free-to-air TV leader, while adding Spain's most popular and successful pay TV platform, As a result, Telecinco has emerged as the country's top audiovisual group (head and shoulders above the rest) and one of Europe's largest by market cap, paving the way for future growth with a host of opportunities.

Also worth pointing out is that the deals did not lead to any increase in debt, since the acquisitions were carried out through capital increases, leaving the company's financial wherewithal intact and leverage low enough to cover both operational and investment needs and opportunities that arise.

The analogue blackout took place on 3 April 2010, This was mostly a technical issue and did not change the trend towards increasing audience fragmentation started long before, which Telecinco had begun preparing for in terms of the production of new channels and the sale of advertising on all of them.

Comparing Telecinco's results in 2010 with those of 2009, we see:

- Consolidated operating income (revenue plus other operating income) increased 30% from EUR 656,620 thousand in 2009 to EUR 855,001 thousand in 2010, Growth was mainly driven by higher advertising revenue on the back of: price increases after advertising on TVE stopped, Telecinco's leadership in audience share among private networks, 3) the Group's efficient commercial policy entailing the sale of advertising by modules, and 4) the impact of the network's film productions, which were mostly running in the early part of the year.

- Operating expenses increased from EUR 533,479 thousand in 2009 to EUR 635,620 thousand, pushed up mainly by the impact of the cost of sales related to these film productions, the extraordinary costs from the World Cup retransmissions and the impact of the levy of 3% of the Company's revenue to finance TVE.

- Profit from operations amounted to EUR 219,441 thousand, up from EUR 122,781 thousand in 2009, This leaves an operating margin (profit from operations/operating income) of 20% in 2010 compared to 19% in 2009, Given the operational leverage inherent in the TV business, this increase relates mainly to higher sales.

- Lastly, profit for 2010 attributable to the Parent amounted to EUR 70,545 thousand, compared to EUR 48,442 thousand in 2009.

DIVIDENDS

On 10 March 2010, the Company paid a dividend against 2009 profit of EUR 48,440 thousand.

INVESTMENT IN RIGHTS AND FILM PRODUCTION

Telecinco maintained its policy of investing in audiovisual broadcasting rights in 2010, carefully selecting the type of rights and content in order to maintain audience figures in the future and provide the most fertile ground for the advertising business, Gestevisión Telecinco, S,A, placed special emphasis once again on investment in Spanish series.

Worth highlighting were the activities undertaken by Telecinco Cinema, S,A, (formerly Estudios Picasso S,A,), a wholly owned subsidiary of Gestevisión Telecinco, S,A, charged with film production under the legal requirement of TV concessionaires to earmark 5% of operating revenue for Spanish and European film production.

As investment in film production arises from a legal obligation and not a decision made freely by the network, Telecinco has opted for quality and ambitious projects based on global strategic criteria guiding its activity in this field, where possible, it opts for productions of a certain size and scope that are apt for international showing.

In short, the aim is to combine talent, profitability and opportunities efficiently for our brightest and most promising professionals in order to maximise the return on investment, considering that the activity is not voluntary, and to produce films that bring together quality and commercial appeal under the network's logo.

In the first part of 2010, the Group recognised the ticket revenues from critically acclaimed films premiering at the end of 2009 that were also box office hits (e,g, Agora, "Spanish Movie", Celda 211), In the rest of the year, the company worked on investment projects that met the criteria of scale, distribution and sale potential indicated above.

INTERNET

The Group considers Internet a strategically important current and future activity.

Telecinco,es wants to become a web with its own personality and identity, with content close to users and coordinated with the Group's most recognisable formats.

Telecinco is one of the most viewed websites in the media industry.

Also noteworthy is the production of exclusive Internet content.

TREASURY SHARES

At December 31, 2010, the Company held 6,419,259 of its own shares, representing 1, 58% of share capital post capital increases.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

Good practice in corporate governance means establishing rules, principles and incentives at companies that help safeguard the interests of the company and its shareholders, and guarantee greater transparency in management.

The main measures adopted by Telecinco in the field of corporate governance since 2006 are as follows:

Amendments of the rules governing the organisation and operation of the main management bodies, Specifically, amendments have been made to 9 articles of the Company's bylaws, 4 articles in its General Shareholders' Meeting regulations and 18 articles in the Regulations of the Board of Directors, In addition, the Company drafted an Internal Code of Conduct for Gestevisión Telecinco, S,A and its Group of Companies governing their activities on the stock markets.

Revision of the composition of the Board of Directors and the board committees to increase the percentage of independent directors, meanwhile, the Audit and Compliance Committee and the Appointments and Remuneration Committee are chaired by independent directors.

Increase in the number of women directors, reflecting the network's commitment to gender equality.

Continued detailed information on remuneration paid to directors in the Company's annual financial statements, as well as in the Annual Corporate Governance Report and the Report on the Directors' Remuneration Policy.

Verification of the Corporate Governance Report and the Corporate Responsibility Report by an independent auditor (PricewaterhouseCoopers).

The Company's efforts in 2009 were acknowledged by Observatorio de Responsabilidad Social Corporativa, a Spanish corporate social responsibility organization, which rated Telecinco top among IBEX-35 companies in a study of corporate governance compliance. The network was rated highly for its efforts in transparency and the degree of compliance with the Unified Code Recommendations.

Telecinco is aware of the social impact of its actions, This awareness is all the more important at Telecinco as a mass media, prompting the network to spearhead a variety of initiatives, such as the "12 meses, 12 causas" (12 months, 12 causes) project to make the network's viewers more aware of a series of issues, The program entails a monthly spot and a web platform through the www,12meses12causas,com webpage, which encourages community interaction and awareness of younger people,

Internally, Telecinco also remains firmly committed to the training and career development of its employees.

HEDGING

The Company uses financial instruments to hedge the impact of foreign exchange differences in connection with transactions (primarily the acquisition of external production rights) denominated in foreign currency. These hedges are designed to offset the impact on the income statement of exchange-rate fluctuations in outstanding amounts payable on these transactions, Specifically, the Company buys foreign currency forward for the amounts payable so as to match the forecast payment dates.

RISK CONTROL

As part of its general oversight function, the Board of Directors is in charge of identifying the Telecinco Group's main risks, as well as implementing and monitoring the internal information and control, and internal reporting systems.

In addition, among the basic responsibilities of the Audit and Compliance Committee are to know and verify the appropriateness of the financial reporting process and internal control systems.

To support and back this Committee, a Corporate Risk Management System is applied consistently at all Group companies. This system is reviewed and updated periodically.

Corporate risk management at Telecinco is based on the COSO II (Committee of Sponsoring Organizations of the Treadway Comission) integrated framework for enterprise risk management.

Telecinco monitors its risks permanently, assessing the relevance and potential impact on Group companies, the probability that this risk will occur and the degree of control over the risk.

RESEARCH AND DEVELOPMENT

Telecinco's biggest investments go to the current and future content broadcast by the Group. It does not have a specific R&D department, although innovation is still a crucial area of future development.

EVENTS AFTER THE REPORTING PERIOD

As of the date of authorisation for issue of these consolidated financial statements, the significant events after the reporting period are those listed in the corresponding section in these Notes, Worth noting is the redundancy plan filed with the Directorate General of Labour on 1 February 2010 affecting a total of 110 employees of Sogecuatro and CINTV, The directors estimate that this procedure will be concluded by 1 April 2011.

CAPITAL STRUCTURE

The Company's share capital before the capital increases carried out to acquire Cuatro and 22% of Digital+ amounted to EUR 123,320,928,00 Euros, made up of 246,641,856 shares of the same class represented by book entries and with a par value of EUR 0,50 each, As a result of the capital increases, the number of shares increased to 406,861,426 of EUR 0,50 par value each, taking the total to EUR 203,430,713, All the shares are of the same class and represented by book entries.

The Company's shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges, The ISIN code is ES0152503035.

Gestevisión Telecinco, SA is a member of the IBEX 35 since 3 January 2005.

BUSINESS OUTLOOK

The Company's business in 2011 will evidently be shaped by the overall macroeconomic environment, As discussed briefly in this Management Report, this year is likely to be one of transition, with no major economic rebound in the cards.

Against this backdrop and with the Cuatro acquisition complete, the advertising strategy will focus on boosting prices and raising market share, As for audience, Telecinco's aim is to remain the leader among commercial networks and keep the highest viewer rating for its entire set of channels, In both cases, the efficient integration of Cuatro's business into the Group's activities is a priority for 2011.

Other main objectives include maintaining a solid financial and equity position, and reinforcing the Internet business strategy.

RESTRICTIONS ON VOTING RIGHTS

There are no legal or bylaw stipulated restrictions on exercising voting rights. Each share carries one vote.

SHAREHOLDER AGREEMENTS

Shareholder agreements in force are those included in "Significant Event" notices filed by the Company with the National Securities Exchange Commission (CNMV) on 8 February 2011, as follows:

Through this communication we inform of the clauses restricting the transfer of shares or relating to the exercise of the right to vote at the General Meetings that are included in the Integration Agreement and the Option Agreement entered into between Telecinco, TV Prisa, SAU ("Prisa TV") and Promotora de Informaciones, SA ("Prisa"), as listed and described in Telecinco Prospectus approved and registered by the National Securities Market dated 18 November 2010 and January 25, 2011 (the "Prospectus):

1, Integration Contract

Subject to Clause 3,4 of the Integration Agreement and as described in the Prospectus dated 18 November 2010, Prisa TV (formerly Sogecable) is entitled to appoint two members of the Board of Directors of Telecinco (at the same time as Mediaset will have 8) and will be entitled to appoint one director for as long as it holds a minimum of 5% of the Telecinco's share capital, In addition, whilst Prisa TV holds 10% of Telecinco's share capital, it will be entitled to appoint, among the directors it has appointed, a non-executive Vice-president, a member of the Executive Committee, a member of the Audit and Control Committee and a member of the Remuneration and Nomination Committee, Mediaset SpA has expressed its agreement with the contents of the indicated clause.

The following is the transcription of the clause 3,4 of the Integration Agreement:

"3,4, Telecinco Government

Following the integration, when it becomes effective, Sogecable will have a proportional representation on the board of Telecinco, and in particular, the following rights in relation to corporate governance of Telecinco:

(i) Sogecable has the right to appoint two of the 15 members that make up the Board of Directors of Telecinco (and without prejudice to the said right of Sogecable, the directors appointed by Mediaset will be reduced to eight);

(ii) the rules of proportional representation will be taken into account for purposes of giving rights to appoint directors to Sogecable (a) if a change in the total number of board members specified in paragraph (i) above, or (b) if occurs a change in the participation of Sogecable in Telecinco; all without prejudice to the right granted to Sogecable under the following paragraph;

(iii) the extent to which Sogecable maintains a share of at least 5% of the share capital of Telecinco, Sogecable has the right to retain one board member, and

(iv) while Sogecable has an ownership interest in more than 10% of the share capital of Telecinco, Sogecable has the right to appoint, among its representatives in the board of Telecinco,

- a non-executive vice president;
- a member of the executive committee;
- a member of the audit and control, and
- a member of the remuneration and nomination committee.*"*

2. Option Agreement

Pursuant to clause 4, 4 of the Option Agreement and as described in the Prospectus, Prisa TV (formerly Sogecable) has committed to the Company not to transfer the New Telecinco's Shares subscribed in exchange of the contribution of Sociedad General de Televisión Cuatro, SAU (representing 17,336% of the Telecinco's share capital after the adjustment contractually agreed in the deal), shares that, for this purpose, have been pledged in favour of Telecinco.

This commitment will remain in effect until March 28, 2012 or, if the option is exercised as per the Option Agreement, as set out in paragraph 5,2,3, (F,6) of the Registration Document of the Pre-Prospectus approved and registered as of November 18, 2010 (the "Preprospectus"), until it gets: (i) the unconditional authorization or subject to no substantial conditions of the antitrust authorities; and if necessary ruled by an independent expert or experts designated for that purpose by the parties, or (ii) an agreement between the parties on the conditions imposed by competition authorities, Therefore, until Telecinco will not make effective the additional corporate rights granted by the sale agreement and shareholders agreement in Digital+ as described in paragraph 5,2,3 of the Pre-prospectus (the "Additional Corporate Rights"), If not, or if it is impossible to apply the Additional Corporate Rights, there would be, among other things, the cancellation of the New Shares owned by Prisa TV, as indicated in the mentioned paragraph 5,2,3, (F,6) of the Pre-prospectus.

The following is the transcript of the, limited to pledges of non-availability of shares to Prisa TV (formerly Sogecable), clause 4, 4 of the Option Agreement:

4. 4.Prohibition of disposal of New Shares and Participation Telecinco
SOGECABLE agrees not to offer, sell, convey any title, neither directly nor indirectly to place any liens and encumbrances on, the New Telecinco's Shares, until the effect of this Clause 4 will be extinguished, all without prejudice to the events arising from the Pledge and NAT Pledge and other security referred to in paragraph (i) of Clause 4,6 below, Accordingly, clause 13,2 of the Integration Agreement shall be void, Accordingly, clause 13,2 of the Integration Agreement shall be void.

RULES GOVERNING THE APPOINTMENT AND REPLACEMENT OF DIRECTORS AND THE AMENDMENT OF THE COMPANY´S BYLAWS

A, Appointment and removal of directors,

Article 41 of the Company bylaws:

1. Directors shall be appointed pursuant to a resolution of the shareholders at the General Meeting, adopted in accordance with the requirements of article 102 of the Spanish Corporation Law.

2. Notwithstanding the foregoing, the designation of directors through the proportional system referred to in article 137 of the Spanish Corporation Law is duly safeguarded.

3. In the event of a vacancy during the term for which the directors were appointed, the Board may co-opt a shareholder to occupy the position until the earliest General Meeting.

Article 54 of the Company bylaws:

1. Directors shall be appointed for a period of five years and may be re-elected for one or more subsequent terms of equal length, The appointment shall lapse at the end of the term once the subsequent General Meeting has been held or at the end of the legal term established for calling the Annual General Meeting.

2. The appointment of directors designated by cooptation shall be deemed to have been made and the directors shall exercise their functions up to and including the date of the next General Meeting, without prejudice to the shareholders' powers of ratification at the General Meeting,

3. Independent directors may exercise their functions for a maximum period of twelve (12) years and may not be re-elected after such period except subject to a favourable report by the Appointments and Remuneration Committee.

Article 55 - Removal of directors

1. Directors shall cease to hold office when so determined at the General Meeting, when they notify the Company of their resignation or decision to stand down or when the term for which they were appointed elapses, In the latter case, the resignation shall be effective from the date of the earliest General Meeting.

2. Directors shall tender their resignation to the Board of Directors and the Board shall accept their resignation if deemed appropriate in the following situations: (a) when they reach the age of 70; (b) when they retire from the executive positions to which their appointment as directors was associated; (c) when they are involved in any applicable situations of incompatibility or prohibition; (d) when they have been seriously reprimanded by the Appointments and Remuneration Committee for having infringed their duties as directors; and (e) when their continuity as directors jeopardises the Company's interests or adversely affects its prestige and reputation or when the reasons for which they were appointed cease to exist (e,g, when proprietary directors dispose of their ownership interest in the company).

3. Directors who stand down from the Board prior to the end of their mandate must submit a letter to all the members of the Board explaining the reasons for vacating office, The Company shall also notify the Spanish National Securities Market Commission (CNMV) of the resignation in a significant event filing and explain the reasons in the annual Corporate Governance Report.

B, Amendments to the Company's bylaws.

Article 34, - Adoption of resolutions

1. Resolutions shall be adopted at Annual General Meetings or at Extraordinary General Meetings with the majorities required under the Spanish Corporation Law, Every voting share present or duly represented at the General Meeting shall carry one vote.

2. The majority required to approve resolutions shall be one half plus one of the voting shares present or duly represented at the General Meeting, except for the instances stipulating larger majorities, provided for in Law or these bylaws.

POWERS OF DIRECTORS AND, SPECIFICALLY, POWERS TO ISSUE OR BUY BACK SHARES

These powers are regulated firstly in the Company's bylaws and secondly in the internal code of conduct,

A, Article 37 of the bylaws regulates management and supervisory powers as follows:

1, Except for matters reserved solely to General Meeting, the Board of Directors is the Company's highest decision-making body.

2, The Board of Directors has all the powers required to manage the Company, However, the management of the Company's ordinary business shall generally be entrusted to the steering committees and to the management team and the Board of Directors shall focus on establishing the Company's general strategy and exercising general supervisory functions, In any case, decisions on the following matters are the exclusive reserve of the Board of Directors and may not be delegated:

a)Authorisation for issue of the financial statements, management report and proposed distribution of profit and the consolidated financial statements and Group management report.

b)Appointment of directors by co-optation and proposals to the General Meeting for the appointment, ratification, re-election or removal of directors.

c)Designation and re-election of internal positions on the Board of Directors and members of committees.

d)Establishment of the remuneration of the members of the Board of Directors, to be proposed by the Appointments and Remuneration Committee,

e)Payment of interim dividends,

f)Announcements relating to any takeover bids launched for the securities issued by the Company.

g)Approval and amendment of the Board of Directors' Regulations governing internal organisation and functions.

h)Authorisation for issuance of the annual Corporate Governance Report.

i)Exercise of the powers delegated by the shareholders in general meeting when powers of substitution have not been established and the performance of any duties entrusted by the shareholders in general meeting.

j)Conclusion of any agreement or establishment of any legal relationship between the Company and any shareholders (or companies belonging to the same group as the shareholder) with ownership interests of over five per cent and of an amount in excess of EUR 13,000,000.

k)Conclusion of any agreement or establishment of any legal relationship between the Company and any third party valued at over EUR 80,000,000.

l)Approval of annual budgets and, if applicable, strategic plans.

m)Oversight of investing and financing policy.

n)Oversight of the shareholder structure of the Telecinco Group.

o)Approval of corporate governance policy.

p)Oversight of corporate social responsibility policy.

q)Approval of the remuneration policy for executive directors for their executive functions and the main terms that their contracts must fulfil.

r)Performance evaluation of the Company's executive directors.

s)Monitoring, following a prior report of the Audit and Compliance Committee, of the risk control and management policy and the internal information and control systems.

t)Approval of Company policy on treasury shares.

u)Staying abreast of the removal and appointment of senior executives and their contract terms.

v)Approval at the proposal of the Audit and Compliance Committee, of the financial information that the Company must publish periodically.

w)Approval of the creation or acquisition of ownership interests in special-purpose entities or companies domiciled in countries or territories considered to be tax havens and any transactions or operations of a similar nature which, due to the complexity thereof, may adversely affect the Group's transparency.

x)Authorisation, following a favourable report of the Audit and Compliance Committee, of the related-party transactions that Telecinco may perform with directors or persons related to the directors or to significant shareholders, except for those which fulfil the following conditions: (i) they are applied en masse to a group of customers and in accordance with standard terms and conditions, (ii) they are performed at prices established in general terms by the supplier of the service or on an arm's length basis, (iii) the related amount does not exceed 1% of Telecinco's annual revenue, The directors affected by related-party transactions which, due to the nature thereof, are subject to vote by the Board of Directors shall not attend the meeting and may not vote or delegate their vote.

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y)Any other matters that the Board of Directors Regulations reserve for handling by the Board in full.

The powers reserved for the Board of Directors, except those that legally or statutorily cannot be delegated, are vested in the Executive Committee and the two chief executive officers, Paolo Vasile and Giuseppe Tringali.

B, Section 9 of the in-house Code of Conduct of Gestevisión Telecinco, S,A, and its Group governing its dealings in the securities markets sets out the rules applicable to transactions in treasury shares, specifically providing the following:

9.1. *Definition of treasury share transactions falling under the remit of the securities market code of conduct*

Transactions with treasury shares shall be deemed to be those engaged in with shares issued by Telecinco Group companies and derivative instruments whose underlying is the aforementioned shares.

These transactions may be undertaken:

- Directly by the Company or by other Telecinco Group companies
- Indirectly, through third parties with an explicit or implicit mandate.
- By third parties without a mandate but acting to the same end.

9.2. *Policy on treasury shares*

Within the scope of the authorisation given at the General Meeting, the Company's Board of Directors shall be responsible for drawing up specific plans for the acquisition or disposal of treasury shares.

9.3. *General principles guiding trading in treasury shares*

Trading in treasury shares shall conform to the following principles:

9.3.1. Compliance with regulations

All Affected Persons are obliged to know and comply with the applicable internal regulations and procedures.

9.3.2. Purpose

The overriding objective of trading in treasury shares is to provide investors with the adequate market liquidity and depth for its securities and to minimise any possible temporary imbalances arising between market demand and supply, Under no circumstances shall trading be engaged in with a view to intervening in the free formation of prices,

9.3.3. Transparency

Transparency in dealings with the stock exchange supervisory and regulatory bodies in connection with treasury share transactions shall be monitored.

9.3.4. Insider information

Under no circumstances may persons who have had access to insider information on the related securities and instruments trade in treasury shares.

9.3.5. Neutrality in price formation

Intervention shall be neutral and under no circumstances may a dominant position be held in the market.

9.3.6. Brokerage

The Telecinco Group companies shall channel all trading in Company shares through a limited number of market members, Prior to any trading the Company shall inform the CNMV in a confidential manner of the designated member and also of any replacement thereof, In the event that a framework agreement is executed with any market member governing treasury share dealing, a confidential copy thereof shall be furnished to the CNMV and to the stock exchange governing bodies.

9.3.7. Counterparty

The Telecinco Group companies shall refrain from buying or selling Company shares where the counterparty is any of the following persons or entities: (i) Telecinco Group companies, (ii) the directors thereof, (iii) their significant shareholders, or (iv) interposed persons of any of the above. Similarly, the Telecinco Group companies may not simultaneously hold purchase and sale orders for Company shares.

9.3.8. Restrictions

Trading in Company shares shall not be engaged in during processes related to public offerings, takeover bids, mergers or other similar corporate operations unless expressly provided for in the prospectus for the transaction in question, The Company shall also refrain from trading in treasury shares during the closed periods established in article 4,3,4 of the Code of Conduct.

9.3.9. Amendment

In the event of the urgent need to protect the interests of the Telecinco Group and its shareholders, the chief executive officer or the director of regulatory compliance may agree to temporarily amend or suspend the application of the foregoing regulations, of which the Board of Directors and the CNMV shall be informed.

9.4. *Stock option plans*

Notwithstanding the foregoing, the rules established in articles 9,1 to 9,3 of the Code shall not apply with respect to the acquisition of treasury shares to be subsequently granted to the beneficiaries of the Company's stock option plans approved by the Board of Directors or to the other trading in treasury shares entered into by the Company within the framework of a share buyback program, The aforementioned transactions shall be executed taking into account the particular characteristics thereof, the manner and the specific features established by the Board of Directors when approving the plans, which shall comply with the conditions established in the regulations implementing article 81,4 of the Securities Market Law.

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9.5. *Designation and functions of the department responsible for the management of treasury shares*

The Management Control Department shall be responsible for managing treasury shares.

9.5.1. Special duty of confidentiality

The persons that form part of the Management Control Department assume special confidentiality commitments with respect to treasury share strategy and trading.

9.5.2. Duties

The Department shall be responsible for:

a)Managing the treasury shares in accordance with the general principles established in the Code of Conduct and those determined by the Telecinco Group's managing bodies.

b)Overseeing the performance of the Telecinco's shares and informing the director of regulatory compliance of any significant changes in the share price which cannot reasonably be attributed to market movements.

c)Keeping a record of all treasury share trades ordered and executed for consultation by the director of regulatory compliance, the Board of Directors or any other persons designated by the Board.

d)Establishing relationships with any supervisory bodies as necessary to correctly comply with the provisions of this Code.

e)Preparing a report on the Department's activities quarterly or whenever so required,

f)Notifying the director of regulatory compliance of any significant incident arising from the management of the treasury shares.

SIGNIFICANT AGREEMENTS THAT WOULD COME INTO FORCE, BE AMENDED OR EXPIRE IN THE EVENT OF A CHANGE OF CONTROL AT THE COMPANY

There are no significant agreements subject to a change in control at the Company.

(Thousands of euros)

AGREEMENTS BETWEEN THE COMPANY AND ITS DIRECTORS AND MANAGERS THAT PROVIDE FOR SPECIAL INDEMNITIES

The following table itemises the only instances of special indemnification schemes outstanding between the Company and its directors and managers.

Position	Guarantee or golden parachute clause
General Manager	Termination of contract by the Company (except for just cause): (in replacement of legally prescribed severance, unless the latter is higher) Termination between 24/04/02 and 31/12/07: 24 months' salary Termination between 2008 and 2011: 18 months' salary Termination thereafter: 12 months' salary
General Manager	Severance scheme: a) Voluntary redundancy: accrual per annum: fixed annual salary + annual bonus/13,5, so that total compensation is equivalent to the total years worked, b) Justified or unjustified dismissal: legally prescribed severance + severance set out in a) above
Division Manager	Termination of contract by the Company (except in case of just cause): An indemnity of one year of gross fixed salary plus legally prescribed severance.
Manager	Termination of contract for reason attributable to the Company (except in case of just cause): 18 months of fixed salary (including legally prescribed severance).