Mediaset España Comunicación, S.A.
and
Subsidiaries

Consolidated Financial Statements for the year
ended December 31, 2012, prepared in accordance with
International Financial Reporting Standards (IFRS) as
adopted by the European Union, and Directors' Report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012 AND 2011

ASSETS	**12/31/12**	**12/31/11**
NON-CURRENT ASSETS		
Property, plant, and equipment (Note 6)	**53,193**	**54,459**
Intangible assets (Note 7)	**234,650**	**242,720**
Audiovisual property rights (Note 8)	**230,853**	**260,960**
Goodwill (Note 9)	**287,357**	**287,357**
Equity method investments (Note 10)	**467,943**	**483,087**
Non-current financial assets (Note 11)	**4,479**	**55,462**
Deferred tax assets (Note 19.3)	**176,434**	**158,125**
Total non-current assets	**1,454,909**	**1,542,170**
CURRENT ASSETS		
Inventories	**5,977**	**7,720**
Accounts receivable	**202,570**	**229,613**
Trade receivables for sales and services	184,598	213,765
Trade receivables from related parties (Note 25.1)	809	2,867
Sundry receivables	7	7
Employee receivables	71	91
Other receivable from public authorities (Note 19.3)	365	738
Income tax current assets (Note 19.3)	16,720	12,145
Other current assets (Note 12)	**10,956**	**65,555**
Other current financial assets (Note 13)	**2,065**	**55,790**
Cash and cash equivalents (Note 14)	**90,692**	**58,574**
Total current assets	**312,260**	**417,252**
TOTAL ASSETS	**1,767,169**	**1,959,422**

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at December 31, 2012.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012 AND 2011

EQUITY AND LIABILITIES	12/31/12	12/31/11
EQUITY (Note 15)		
Share capital	203,431	203,431
Share premium	1,064,247	1,064,247
Share based payment reserves	15,361	14,139
Other reserves	194,471	124,572
Treasury shares	(84,746)	(84,746)
Reserves in associates	(34,506)	(19,424)
Profit for the year attributable to the parent	50,143	110,519
Total equity of the parent	**1,408,401**	**1,412,738**
Non-controlling interests	12,498	13,098
Total equity	**1,420,899**	**1,425,836**
NON-CURRENT LIABILITIES		
Long term provisions (Note 16)	**24,317**	**29,306**
Non-current liabilities (Note 17)	**240**	**283**
Deferred tax liabilities (Note 19.5)	**6,607**	**5,305**
Total non-current liabilities	**31,164**	**34,894**
Current Liabilities		
Payable to related parties (Note 25.1)	**44,427**	**62,013**
Accounts payable for purchases and services (Note 22)	**121,330**	**191,341**
Accounts payable for audiovisual rights (Note 22)	**68,866**	**93,777**
Other non-trade payables	**29,742**	**93,637**
Bank borrowings (Note 22)	226	61,774
Government grants and other loans	55	225
Payables to public authorities (Note 19.3)	16,871	15,229
Payables for non-current asset acquisitions	2,602	4,583
Remuneration payable	9,915	11,227
Other borrowings	73	529
Short-term provision (Note 18)	**50,423**	**57,665**
Other current liabilities	**318**	**259**
Total current liabilities	**315,106**	**498,692**
TOTAL EQUITY AND CURRENT LIABILITIES	**1,767,169**	**1,959,422**

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement of financial at December 31, 2012.

CONSOLIDATED SEPARATE INCOME STATEMENT AT 31 DECEMBER 2012 AND 2011

	12/31/12	12/31/11
INCOME		
Revenue (Note 23.1)	872,836	984,902
Sales	869,785	1,022,198
Discount and volume rebates	(50,611)	(58,850)
Revenue from the rendering of services	53,662	21,554
Other operating incomes	13,891	24,428
Total operating income	**886,727**	**1,009,330**
EXPENSES		
Decrease in inventories of finished goods and work in progress	1,766	(8)
Procurements	305,693	256,895
Staff costs (Note 23.2)	109,256	116,603
Amortization of audiovisual property rights	210,469	227,680
Depreciation and amortization charge	15,929	14,861
Change in operating provisions (Note 23.3)	213	801
Other expenses (Note 23.4)	194,598	227,969
Total operating expenses	**837,924**	**844,801**
Profit from operations	**48,803**	**164,529**
Net finance income/expense (Note 23.6)	(3,907)	3,431
Exchange differences (Note 23.7)	(61)	1,556
Result of companies accounted for using the equity method (Note 10)	8,452	(22,955)
Sale/Impairment losses of other financial assets	(1,109)	(11,091)
Gains (losses) on disposals of non-current assets available for sale (Note 11)	64	15,661
Profit before tax	**52,332**	**151,131**
Income tax (Note 19.4)	2,789	38,482
Profit for the year	**49,543**	**112,649**
Attributable to:		
Shareholders of the parent	50,143	110,519
Non-controlling interests	(600)	2,130
Earnings per share (Note 24.1)	**0.13**	**0.28**
Diluted earnings per share (Note 24.2)	**0.13**	**0.28**

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at December 31, 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2012 AND 2011

	12/31/2012	12/31/2011
PROFIT FOR THE YEAR	49,543	112,649
Reclassification from “Equity method investments” to “Non-current assets - available for sale financial assets (Note 10)	-	30,414
TOTAL PROFIT FOR THE YEAR	**49,543**	**143,063**
Attributable to:		
Shareholders of the parent	50,143	140,933
Non-controlling interests	(600)	2,130

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at December 31, 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2012 AND 2011

	Share capital	Share premium	Share bases payment reserve	Legal reserve	Other reserves	Treasury shares	Reserves in associates	Profit for the year	Total equity of the parent	Non-controlling interest	Total
Balance at 12/31/11	**203,431**	**1,064,247**	**14,139**	**40,686**	**83,885**	**(84,746)**	**(19,424)**	**110,519**	**1,412,738**	13,098	**1,425,836**
Components of other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	-	-	-	-	-	-	-	50,143	50,143	(600)	**49,543**
Total comprehensive income for the year	-	-	-	-	-	-	-	**50,143**	**50,143**	**(600)**	**49,543**
Distribution of profit for the year	-	-	-	-	69,900	-	(14,640)	(110,519)	**(55,260)**	-	**(55,260)**
Capital increase expenses	-	-	-	-	-	-	-	-	-	-	-
Share based payment	-	-	1,222	-	-	-	-	-	**1,222**	-	**1,222**
Other changes	-	-	-	-	-	-	(442)	-	**(442)**	-	**(442)**
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Balance at 12/31/12	**203,431**	**1,064,247**	**15,361**	**40,686**	**153,785**	**(84,746)**	**(34,506)**	**50,143**	**1,408,401**	**12,498**	**1,420,899**

	Share capital	Share premium	Share bases payment reserve	Legal reserve	Other reserves	Treasury shares	Reserves in associates	Profit for the year	Total equity of the parent	Non-controlling interest	Total
Balance at 12/31/10	**203,431**	**1,065,351**	**12,781**	**24,664**	**356,015**	**(84,746)**	**(235,405)**	**70,545**	**1,412,637**	**(36,532)**	**1,376,105**
Components of other comprehensive income	-	-	-	-	30,414	-	-	-	30,414	-	**30,414**
Profit (Loss) for the year	-	-	-	-	-	-	-	110,519	110,519	2,130	**112,649**
Total comprehensive income for the year	-	-	-	-	**30,414**	-		**110,519**	**140,933**	**2,130**	**143,063**
Distribution of profit for the year	-	-	-	16,022	50,081	-	(135,718)	(70,545)	**(140,160)**	-	**(140,160)**
Treasury shares	-	-	-	-	-	-	-	-	-	-	-
Capital increase	-	(1,104)	-	-	-	-	-	-	**(1,104)**	-	**(1,104)**
Share based payment	-	-	1,358	-	-	-	-	-	**1,358**	-	**1,358**
Other changes	-	-	-	-	(352,625)	-	351,699	-	**(926)**	47,500	**46,574**
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	
Balance at 12/31/11	**203,431**	**1,064,247**	**14,139**	**40,686**	**83,885**	**(84,746)**	**(19,424)**	**110,519**	**1,412,738**	**13,098**	**1,425,836**

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at December 31, 2012.

CONSOLIDATED STATEMENT OF CASH FLOW AT 31 DECEMBER 2012 AND 2011

	12/31/12	12/31/11
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	**52,332**	**151,131**
Adjustment for:		
Amortization of audiovisual property rights (Note 8)	210,469	227,680
Depreciation and amortization charge (Note 6 and 7)	15,929	14,861
Result of companies accounted for using the equity method	(8,452)	22,955
Change in provisions for contingencies and charges	(4,989)	(2,672)
Net finance income (Note 23.6)	3,907	(3,431)
Net exchange differences (Note 23.7)	61	(1,556)
Proceeds from disposal of non-current assets	(64)	(15,661)
Disposals of other assets	7,308	2,421
Impairment of other financial assets	1,019	11,091
Profits from operations before changes in working capital	**277,520**	**406,819**
Change in operating assets and liabilities net of the impact of acquisition of new investments		
Inventories	1,743	3,990
Accounts receivable	28,960	53,433
Other current assets	50,631	(63,240)
Accounts payable	(87,597)	(46,301)
Other current liabilities	(2,121)	(30,545)
Change in provisions	(7,242)	239
Cash flows from operating activities	**261,894**	**324,395**
Taxes paid at sources	(12,552)	(33,483)
Net cash flows from operating activities (A)	**249,342**	**290,912**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in property, plant, and equipment (Note 6)	(6,603)	(12,739)
Investment in intangible assets (Note 7)	(2,296)	(2,828)
Investments in audiovisual property rights	(207,990)	(166,270)
Disposals of audiovisual rights	2,715	2,816
Disposals of non-current financial assets	45,983	(5,049)
Investments in subsidiaries	(9,044)	-
Investment in other non-current financial assets	53,725	(27,301)
Dividend received (Note 10)	22,101	35,093
Interest received	2,669	7,268
Net cash flows from investing activities (B)	**(98,740)**	**(169,010)**
CASH FLOW USED IN FINANCING ACTIVITIES		
Long term financing	1,258	(23,107)
Interest paid	(2,825)	(2,887)
Dividends paid (Note 15.2)	(55,260)	(140,160)
Short term financing	(61,718)	16,482
Acquisition of treasury shares (Note 15.4)	-	-
Net increase in equity	-	-
Net cash flows used in financing activities (C)	**(118,545)**	**(149,672)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	**32,057**	**(27,770)**
Net foreign exchange difference	**61**	**(1,556)**
Net change in cash and cash equivalents	**32,118**	**(29,326)**
Cash and cash equivalents at beginning of the year (Note 14)	**58,574**	**87,900**
Cash and cash equivalents at end of the year (Note 14)	**90,692**	**58,574**

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at December 31, 2012.

1. Objects of the Mediaset España Comunicación, S.A. Group companies

MEDIASET ESPAÑA COMUNICACIÓN, S.A. - PARENT

Mediaset España Comunicación, S.A. ("Mediaset España," the "Company" or the "parent") domiciled at the Carretera de Fuencarral to Alcobendas, nº 4, 28049 Madrid, was incorporated in Madrid on March 10, 1989.

The Company is devoted to the indirect management of Servicio Público de Televisión, and at December 31, 2012, operates seven different TV channels: Telecinco, Siete, Factoria de Ficción, Boing, Cuatro, Divinity, and Energy, having commenced test broadcasting a new channel: Nueve. 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, and a concession contract ratified by public deed on October 3, 1989, as well as the transactions resulting from these arrangements.

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

- A Council of Ministers' resolution of November 25, 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 March 26, 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 October 9, which approved the Spanish National Technical Plan for Digital Terrestrial TV. Without prejudice to the above and in conformity with Transitional Provision Two of Audiovisual Law, on May 3, 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 June 11, 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 March 31.

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

- Following the acquisition of Sogecuatro, S.A. in 2010, the Company obtained Cuatro's multiplex licenses (Cuatro and three more channels).

- 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 June 24, 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 January 3, 2005.

- The Company is head of a Group of subsidiaries making up the Mediaset España Comunicación Group (“the Group”). Consequently, Mediaset España Comunicación, S.A. is required to prepare, in addition to its individual financial statements, consolidated financial statements for the Group. The consolidated Group companies are as follows:

Fully consolidated companies

	Country	2012	2011
Grupo Editorial Tele 5, 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%
Publimedia Gestión, S.A.U. (1)	Spain	100%	100%
Sogecable Media, S.A.U.	Spain	100%	100%
Sogecable Editorial, S.A.U.	Spain	100%	100%
Premiere Megaplex, S.A.U.	Spain	100%	100%

Companies accounted for using the equity method

	Country	2012	2011
Pegaso Televisión, Inc	USA	44%	44%
Bigbang Media, S.L.	Spain	30%	30%
Producciones Mandarina, S.L.	Spain	30%	30%
La Fábrica de la Tele, S.L.	Spain	30%	30%
DTS, Distribuidora de Televisión Digital, S.A.	Spain	22%	22%
Furia de Titanes II, A.I.E.	Spain	34%	-
Editora Digital de Medios, S.L.	Spain	50%	-
60 DB Entertainment, S.L.	Spain	30%	-

(1) The ownership interest in these companies is held through Publiespaña, S.A.U.

Changes in the consolidation scope during the year ended December 31, 2012

- In 2012, Telecinco Cinema, S.A.U. acquired 34% of Agrupación de Interés Económico Furia de Titanes II, A.I.E.

- On July 26, 2012, Editora Digital de Medios, S.L.U. was formed; Mediaset España Comunicación, S.A. owns 50%.

- Mediaset España Comunicación, S.A. also acquired 30% of 60 DB Entertainment, S.L.U.

Changes in the consolidation scope during the year ended December 31, 2011

- In 2011, Mediaset España Comunicación, S.A. took over and merged subsidiaries Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U., Sociedad General TV Cuatro, S.A.U., and Compañía Independiente de Noticias de Televisión, S.L. This did not have any impact on the Group’s consolidated financial statements.

- Also during the year, the following companies were liquidated: Canal Factoría de Ficción, S.A.U. on November 10, Atlas Media, S.A.U. on November 10, Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U. on December 21, and Mi Cartera Media, S.A.U. on December 23. This did not have any impact on the Group's consolidated financial statements.

- In addition, on November 28, the Company acquired the 50% stake it did not already own in Premiere Megaplex, S.A. Accordingly, it was consolidated using the full consolidation method. This did not have a significant impact on the consolidated financial statements.

- In 2011, the investment in Edam Acquisition Holding was reclassified to "Non-current financial assets."

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 directly or indirectly owns half or more of the voting power of the investee.

1. Fully consolidated companies (wholly-owned by Mediaset España Comunicación S.A.)

Grupo Editorial Tele 5, S.A.U.

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

Its company objective 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 ecording rights, artistic representation, the promotion of events and the publishing, production, distribution, and marketing of publications and graphic materials.

Telecinco Cinema S.A.U.

Digitel 5, S.A.U. was incorporated in Madrid on September 23, 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 commercialization of new technologies related to telecommunications; any activity that might be required for television broadcasting, intermediation in the markets for audiovisual rights; organization, production, and broadcasting of shows or events of any kind.

Publiespaña, S.A.U.

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

The company's objects are as follows:

a) 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.

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

c) The organization 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.

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

e) 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 September 6, 1999. On October 14, 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 November 5, 2007, its name was changed to Conecta 5 Telecinco, S.A.U.

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

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

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

Its company objectives 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.

Sogecable Editorial, S.A.U.

Sogecable Editorial, S.A.U.'s registered office is at Carretera de Fuencarral a Alcobendas, nº 4.

The company's objective 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 the edition, production, distribution, and marketing of publications and graphic material

Premiere Megaplex, S.A.

Premiere Megaplex, S.A.'s registered office is at Carretera de Fuencarral a Alcobendas, nº 4.

The Company is engaged in:

- Activities related to gambling and betting, e.g. the organization, sale and operation of games, bets, raffles, contests, et al in which amounts of money or other financial consideration is at stake and whose outcome is uncertain, irrespective of players' skills, as well as activities that are exclusive to or sponsored by such activities. These activities are governed by Law 13/2011, of May 27, on the regulation of gambling.

ASSOCIATES OF MEDIASET ESPAÑA COMUNICACIÓN, 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 Mediaset España Comunicación, S.A.

Company	2012	2011	Line of business
Pegaso Televisión Inc. 1401 Brickell Avenue – Ste 500 Miami, Florida	43,7%	43,7%	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%	22%	Indirect management of pay TV service
Producciones Mandarina, S.L. C/ María Tubau, 3 28050 Madrid	30%	30%	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
Editora Digital de Medios, S.L. C/ Condesa de Venadito, 1 28027 Madrid	50%	-	Creation, development, and operation of a digital diary specialized in communication media, particularly audiovisual.
60 DB Entertainment. S.L. Avenida Diagonal, 558	30%	-	Creation and development of audiovisual content in all formats, including: entertainment, fiction, advertising,

08021 Barcelona			or similar, as well as the production and commercial exploitation of events in all forms and media formats.

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

Company	2012	2011	Line of business
Edam Acquisition Holding I Coöperatief U.A. Flevolaan 41 a 1411 KC Naarden, Ámsterdam(*)	33%	33%	Holding company for the investment in the Endemol Group, which produces and operates content for television and other audiovisual platforms.

(*) Transferred to “Non-current financial assets” in 2011.

3. Indirect ownership through Telecinco Cinema, S.A.U.

Company	2012	2011	Line of business
Agrupación de Interés Económico Furia de Titanes II, A.I.E. C/ Teobaldo Power, 2-3ºD Santa Cruz de Tenerife	34%	-	Proprietary and third-party presentation of telecommunication services in all forms and formats, known or unknown, in accordance with legal regulations, and all types of participation in the creation, production, distribution, and all other operation of audiovisual productions, be they fiction, animated, documentary in nature.

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 2012 were formally prepared:

- By the directors, at the Board of Directors Meeting held on February 27, 2013.

- 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.

- On a historical cost basis, except for derivative financial instruments and available for sale financial assets that were measured at fair value.

- So that they present fairly the Group's consolidated equity and financial position at December 31, 2012 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 2012 and 2011 (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 2012 consolidated financial statements of the Group and the 2012 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 authorization 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 January 1, 2012.

2.2. Changes in accounting policies

a) Standards and interpretations approved by the European Union applicable in 2012

The accounting principles applied in the preparation of the consolidated financial statements for the year ended December 31, 2012 are the same as those applied to the 2011 consolidated financial statements, except for the following standards and interpretations, applicable for annual periods beginning on or after January 1, 2012:

- Amendment to IFRS 7 “Disclosures – Transfers of financial assets:" Effective from years beginning July 1, 2011. As the Group does not have any financial assets, there was no impact on these consolidated financial statements.

b) Standards and interpretations issued by the IASB and approved by the European Union but not mandatory in 2012

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

- Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income": Effective from years beginning July 1, 2012.

- IAS 19 (revised) – "Employee Benefits": Effective from years beginning January 1, 2013.

- IFRS 10 "Consolidated Financial Statements": Effective from years beginning January 1, 2014.

- IFRS 11 “Joint Agreements”: Effective from years beginning January 1, 2014.

- IFRS 12 "Disclosure of Interests in Other Entities": Effective from years beginning January 1, 2014.

- IFRS 13 "Fair Value Measurement": Effective from years beginning January 1, 2013.

- Amendment to IAS 28: "Investments in Associates and Joint Ventures": Effective from years beginning January 1, 2014.

- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine": Effective from years beginning January 1, 2013.

- Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities": Effective from years beginning January 1, 2014.

- Amendment to IFRS 7: "Disclosures - Transfers of Financial Assets": Effective from years beginning January 1, 2013.

- Amendment to IAS 12: “Deferred taxes – Recovery of underlying assets”: Effective from years beginning January 1, 2013.

The Group intends to adopt the applicable interpretations and amendments when they come into effect. Although it is not possible to determine whether their initial application will or will not have a significant impact on these consolidated financial statements, the Group is currently analyzing their potential impact.

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 European Union:

- IFRS 9 *Financial Instruments*: effective for annual periods beginning on or after January 1, 2015 for the IASB.

- IFRS improvements: Effective from years beginning January 1, 2013 for the IASB.

- Amendments to IFRS 9 and IFRS 7 *Mandatory Effective Date and Transition Disclosures*: effective for annual periods beginning on or after January 1, 2015 for the IASB.

- Amendment to IFRS 10 and 11, and IAS 27 "Transition guide:" Effective from years beginning January 1, 2013 for the IASB.

- Amendment to IFRS 10 and 11, and IAS 27 "Credit institutions": Effective from years beginning January 01, 2014 for the IASB.

Although it is not possible to determine whether their initial application will or will not have a significant impact on these consolidated financial statements, the Group is currently analyzing their potential impact.

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 2012, certain estimates and assumptions were made on the basis of the best information available at December 31, 2012 on the events analyzed. 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, recognizing 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 (Notes 9 and 10).

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.

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 depending on their maturity and, if applicable, recognize the related impairment loss where recoverability is not assured.

- Provisions

The Company recognizes provisions for risks in accordance with the accounting policy set forth in Note 4.19. The Group has made judgments 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.

- Channel increase through access to a multiple digital license

As explained in Note 16, the Supreme Court ruled against the authorization of the fourth channel granted to the Company on April 3, 2010 (as well as an additional channel acquired by Sogecuatro, S.L. in 2010). The Directors and their advisors have evaluated this situation, which is discussed in Note 16.

3. Proposed distribution of the profit of the parent

The distribution of the parent's net profit for 2012 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 2011 approved by the annual general meeting are as follows:

Base for distribution	2012	2011
Profit for the year	63,254	137,264
Distribution		
Legal reserve	-	-
Other reserves	50,093	67,605
Goodwill reserve	14,399	14,399
Dividends	-	55,260
Total	**64,492**	**137,264**

At its meeting of February 22, 2012, the parent’s Board of Directors resolved to submit for approval by shareholders in ordinary general meeting a proposal to pay out 55,260 thousand euros of dividends with a charge to 2011 profit. The total dividend was 0.14 euros per share. This distribution was ratified at the General Shareholders' Meeting on March 28, 2012.

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 2012 and 2011 (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.

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 amortize within a period of less than 12 months.

4.5. Property, plant, and equipment

Property, plant, and equipment are recognized 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 %
Transportation 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 amortization and any accumulated impairment losses. Intangible assets are recognized 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 recognized 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 relate mainly to licenses to use industrial property rights and television channel concessions.

The “Cuatro” trademark and the “Cuatro” multiplex operators’ license were identified in the Sogecuatro Group purchase price allocation. The “Cuatro” trademark has an estimated useful life of 20 years.

The license is considered to be an intangible asset with an indefinite useful life. Intangible assets with indefinite useful lives are not amortized, but are assessed for impairment at least annually or when there are indications of impairment.

- Computer software

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

Computer software is amortized 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 cost of audiovisual rights acquired in a business combination is fair value at the date of acquisition.

The right is recognized 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 recognizes 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 recognized in the separate income statement under “Amortization 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)

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 amortized on the basis of the territorial television signal distribution capacity of the television station buying the screenings, and a cost of sales is recognized 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

This includes productions owed by the Group in which it may proceed with broadcasting or subsequent sale.

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

The cost of audiovisual rights acquired in a business combination is fair value at the date of acquisition.

The residual value, estimated at 2% of the total cost, is amortized 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 amortization period, in which case the residual value is allocated to the revenue generated by the sale.

These rights are recognized in the separate income statement under "Rights consumption" based on the number of shows broadcast in accordance with the following:

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

First screening: 100% of the amortizable value.

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

First screening: 90% of the amortizable value.

Second screening: 10% of the amortizable 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. Amortization of distribution rights is recognized 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 amortization of the rights is recognized in the separate income statement under "Amortization 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. Amortization of co-production rights is recognized 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 amortization of the rights is recognized in the separate income statement under "Amortization 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 amortization is recognized at the same rate as the amortization of the audiovisual property rights with which they are associated.

4.7.6 Retransmission rights

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

4.8. Business combinations and goodwill

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 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 recognizes the resulting gain or loss, if any, in profit or loss.

Any contingent consideration the Group transfers is recognized at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration classified as an asset or liability will be recognized in accordance with IAS 39, with any resulting gain or loss recognized 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 recognized 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 recognized 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 recognizes 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 recognized 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 recognized 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 recognize 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 recognizing 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 non-current interest that, in substance, form part of the investor's net investment in the associate. Losses recognized 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).

Upon loss of significant influence in the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment is recognized in the separate income statement.

In addition, amounts recognized in “Recyclable reserves in associates” are reclassified to the separate income statement, with the investment in that company recognized under “Non-current financial assets” in the consolidated statement of financial position.

4.10 Financial assets

Financial assets are initially recognized at fair value, including, in case investments are not recognized 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 amortized 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 amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated income statement when the loans and receivables are derecognized or impaired, as well as through the amortization 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 unrealized gains or losses recognized directly in equity until the investment is derecognized, at which time the cumulative gain or loss recorded in equity is recognized in the separate income statement, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized 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 recognized 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 organized, 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 separate income statement.

At each reporting date the group assesses if there are indications that a previously recognized impairment loss is reversed or reduced. If this is the case, the Group estimates the asset’s recoverable amount. Except for 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 separate 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.

Goodwill and intangible assets

Goodwill and intangibles with indefinite lives are tested for impairment by determining 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 is less than the carrying amount, an impairment loss is recognized. At December 31, 2012, the recoverable amount of the cash-generating units exceeded the carrying amount.

4.11.2 Financial 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 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 Grants

The amounts received are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

The difference between the nominal value and the fair value of the loan is deducted from the carrying amount of the related asset and is allocated to the separate income statement according to financial criteria.

4.15 Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the separate income statement on the purchase, sale, issue or cancellation of the parent's own equity instruments. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

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 separate 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 separate income statement.

Amounts taken to equity are transferred to the separate 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 separate income statement. If a hedging instrument expires or is sold, terminated or exercized 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 December 31, 2012 and 2011 were classified as held for trading, with gains or losses recognized 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 recognized 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 derecognized when the obligation under the liability is discharged, canceled 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 recognized 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, Mediaset España Comunicación, S.A., files consolidated income tax returns with the following subsidiaries:

- Grupo Editorial Tele 5, S.A.U.
- Telecinco Cinema, S.A.U.
- Publiespaña, S.A.U.
- Publimedia, S.A.U.
- Mediacinco Cartera, S.L.
- Conecta 5 Telecinco, S.A.U.
- Sogecable Editorial, S.A.U.
- Sogecable Media, S.A.U.
- Premiere Megaplex, S.A.U.

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

Deferred tax assets and liabilities are recognized 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 realized 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 recognized when the probability of their future realization 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 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 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 deferred 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 recognized 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 recognized 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 recognized in the period in which it is earned; i.e. when the related advertisement is broadcast.

Expenses, including discounts and volume rebates, are recognized 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 21.

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 arising 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.

5. Segment information

In accordance with IFRS 8, free-to-air TV business is the Group’s only identified operating segment.

6. Property, plant, and equipment

The breakdown of the balances of "Property, plant, and equipment" and of the changes therein in the years ended December 31, 2012 and 2011 is as follows:

	Balance at 12/31/10	Additions	Disposals	Transfer	Balance at 12/31/11	Additions	Disposals	Transfers	Balance at 12/31/12
COST									
Land and natural resources	14,970				14,970	-	-	-	14,970
Buildings and other structures	32,383			55	32,443	157	-	4,951	37,551
Machinery, plants, and tools	91,014	1,337	(4,629)	4,193	91,916	1,931	(2,782)	5,472	96,537
Furniture and fixture	4,694	441	(272)	2	4,865	242	(43)	-	5,064
Computer hardware	13,284	584	(1,697)	2,945	15,116	974	(625)	157	15,622
Other Items of property, plant, and equipment	668	14	(92)		590	32	(19)	-	603
Property, plant, and equipment in the course of construction	4,743	10,363		(6,890)	8,216	3,267	-	(10,580)	903
Total cost	**161,761**	**12,739**	**(6,690)**	**305**	**168,116**	**6,603**	**(3,469)**	**-**	**171,250**
ACCUMULATED DEPRECIATION									
Buildings and other structures	(18,789)	(1,306)			(20,095)	(1,448)	-	-	(21,543)
Machinery, plants, and tools	(79,355)	(3,610)	4,368	(295)	(78,892)	(4,298)	2,771	-	(80,419)
Furniture and fixtures	(3,158)	(319)	250	(2)	(3,229)	(300)	35	-	(3,494)
Computer hardware	(10,699)	(1,905)	1,690	(8)	(10,922)	(1,768)	620	-	(12,070)
Other items of property, plant, and equipment	(583)	(27)	92		(518)	(31)	18	-	(531)
Total accumulated depreciation	**(112,584)**	**(7,167)**	**6,400**	**(305)**	**(113,655)**	**(7,845)**	**3,444**	**-**	**(118,057)**
CARRYING AMOUNT	**49,177**	**5,572**	**(290)**	**-**	**54,459**	**(1,242)**	**(25)**	**-**	**53,193**

Additions in 2012 and 2011 relate to the acquisition of items of property, plant, and equipment required to continue with and increase the Group's activities. Additionally in 2011, the Group began the enlargements of the buildings where it conducts its operations, which was finished in 2012.

Disposals in 2012 and 2011 relate mainly to the retirement and/or sale of fully depreciated items or that are no longer in use.

The breakdown of the fully depreciated property, plant, and equipment in use at December 31, 2012 and 2011 is as follows:

	2012	**2011**
Computer hardware	9,213	7,182
Technical machinery, fixtures, and tools	67,573	66,822
Furniture	2,001	1,832
Other items of property, plant, and equipment	432	495
	79,219	76,331

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 December 31, 2012 or at December 31, 2011.

The impact of the accelerated amortization of audiovisual rights was 2,243 thousand euros in 2012 (2011: 2,421 euros).

7. Intangible assets

The breakdown of the balances of “Intangible assets” and of the changes therein in the years ended December 31, 2012 and 2011 is as follows:

	Balance at 12/31/10	Additions	Disposals and other	Transfers	Change in consolidation scope	Balance at 12/31/11	Additions	Disposals and other	Transfers	Balance at 12/31/12
COST										
Development Expenditure	549	428		(274)	-	703	831	-	(632)	902
Concessions, patents, and trademarks	277,800	4	(120)	465	169	278,318	38	(19,141)	-	259,215
Computer software	23,091	683	(1,564)	3,888	-	26,098	1,002	(1,521)	1,134	26,713
Computer software in progress	1,394	1,544		(2,220)	-	718	425	-	(502)	641
Total cost	**302,834**	**2,659**	**(1,684)**	**1,859**	**169**	**305,837**	**2,296**	**(20,662)**	**-**	**287,471**
ACCUMULATED AMORTIZATION										
Concessions, patents, and trademarks	(32,448)	(7,943)	120	(465)	-	(40,736)	(8,066)	19,144	-	(29,658)
Computer software	(20,014)	(2,510)	1,202	(1,059)	-	(22,381)	(2,274)	1,491	-	(23,164)
Total accumulated amortization	**(52,462)**	**(10,453)**	**1,322**	**(1,524)**	**-**	**(63,117)**	**(10,340)**	**20,635**	**-**	**(52,822)**
CARRYING AMOUNT	**250,372**	**(7,794)**	**(362)**	**335**	**169**	**242,720**	**(8,044)**	**(27)**	**-**	**234,650**

The breakdown of the fully amortized intangible assets in use at December 31, 2012 and 2011 is as follows:

	2012	2011
Computer software	19,367	19,413
Concessions, patents, and trademarks	136	18,832
Total	**19,503**	**38,245**

8. Audiovisual property rights

The breakdown of the balances of “Audiovisual property rights” and of the changes therein in the years ended December 31, 2012 and 2011 is as follows:

	Balance at 12/31/10	**Additions**	**Disposals**	**Transfers and others**	**Balance at 12/31/11**	**Additions**	**Disposals**	**Transfers and others**	**Balance at 12/31/12**
COST									
Audiovisual property rights	359,450	126,617	(99,576)	64,686	451,177	124,131	(126,861)	3,722	452,169
Master copies	9	-	(2)	-	7	-	-	-	7
Dubbing	8,117	1,053	(89)	-	9,081	2,116	(267)	-	10,930
Co-production rights	131,836	888	(1,230)	5,168	136,662	824	(1,552)	32,689	168,623
In-house rights	1,000,348	79,547	(8,755)	102,048	1,172,188	51,416	-	827	1,225,431
Distribution rights	11,497	6	-	119	11,622	582	-	65	12,269
Other ancillary work	754	-	-	-	754	19	(22)	-	751
Rights, options, script development	1,246	1,379	(577)	(385)	1,663	445	(342)	(363)	1,403
Start-up costs	158	-	-	-	158	-	-	-	158
Advances	42,356	16,623	(1,009)	(20,822)	37,148	3,546	(800)	(36,940)	2,954
Total cost	**1,555,771**	**226,113**	**(111,238)**	**150,814**	**1,821,460**	**183,079**	**(129,844)**	**-**	**1,874,695**
ACCUMULATED AMORTIZATION									
Audiovisual property rights	(180,180)	(126,534)	99,576	(45,833)	(252,971)	(136,877)	126,861	-	(262,987)
Master copies	(8)	(0)	1	-	(7)	-	-	-	(7)
Dubbing	(7,204)	(714)	89	-	(7,829)	(1,863)	267	-	(9,425)
Co-production rights	(119,659)	(6,021)	-	-	(125,680)	(25,943)	-	-	(151,623)
In-house rights	(969,202)	(86,691)	8,755	(96,938)	(1,144,076)	(51,113)	-	-	(1,195,189)
Distribution rights	(11,496)	-	-	-	(11,496)	(125)	-	-	(11,621)
Other ancillary work	(748)	-	-	-	(748)	-	-	-	(748)
Start-up costs	(154)	-	1	-	(153)	-	-	-	(153)
Total accumulated depreciation	**(1,288,651)**	**(219,960)**	**108,422**	**(142,771)**	**(1,542,960)**	**(215,921)**	**127,128**	**-**	**(1,631,753)**
Provisions	(1,778)	(8,341)	1,100	(8,522)	(17,541)	(1,833)	7,285	-	(12,089)
Total audiovisual rights	**265,343**	**(2,188)**	**(1,716)**	**(479)**	**260,960**	**(34,675)**	**4,569**	**-**	**230,853**

Of the total amount recognized under "Non-current assets - Audiovisual rights" in the consolidated statement of financial position at December 31, 2012, the Group estimates that their consumption over the upcoming year will be approximately 75%, which is a bit higher than the previous year.

Provisions at the end of 2012 relate to the net carrying amount of rights which, although they expire after December 31, 2012, are not included in the Group's future broadcasting plans at the date of authorization 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 amortized 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 recognized in the consolidated separate income statement at December 31, 2012 and 2011 amounted to 1,851 thousand euros and 8,341 thousand euros, respectively.

At December 31, 2012, there were firm commitments to acquire audiovisual property rights commencing on or after January 1, 2013 for a total amount of $83,939 thousand and 186,814 thousand euros. The commitments at year end 2011 amounted to $139,836 thousand and 153,587 thousand euros.

At December 31, 2012, advances of 2,254 thousand euros had been paid in connection with these firm commitments to purchase audiovisual property rights. The advances paid in 2011 amounted to 4,587 thousand euros.

At the statement of financial position date there were commitments to purchase co-production rights, available from January 1, 2013, for a total amount of 9,811 thousand euros (2011: 34,347 thousand euros).

At December 31, 2012, advances of 380 thousand euros had been paid in connection with these firm commitments to purchase co-production rights (2011: 31,532 thousand euros).

The Group had firm commitments to purchase distribution rights commencing on or after January 1, 2013 for a total amount of 1,303 thousand euros. At December 31, 2011, firm commitments to purchase distribution rights amounted to 2,800 thousand euros.

Advances of 130 thousand euros had been paid in connection with firm distribution right purchase commitments at December 31, 2012 (2011: 1,600 thousand euros).

Advances for fiction series are included under Advances.

9. Goodwill and Business Combinations

Goodwill amounting to 287,357 thousand euros arose from the purchase of the Cuatro Group, which became effective on December 31, 2010, as well as an asset with an indefinite useful life amounting to 85,000 euros.

Impairment testing of goodwill

The impairment test was carried out by comparing the recoverable value of the cash-generating unit to which the goodwill and intangibles with indefinite lives are assigned with the carrying value of the cash-generating unit.

The cash-generating unit is the free-to-air TV business.

To test its goodwill for impairment, the Company took the free-to-air TV business' strategic plan and discounted the estimated future cash flows. The assumptions used in the cash flow estimates include the best estimate of future trends of advertising markets, audiences and costs.

The Group's estimates on the future trend of the advertising market are based on market forecasts and historic performance, as well as its correlation with economic conditions, using reasonable projections in accordance with external information sources.

Projected income estimated for upcoming years is calculated based on the abovementioned advertising market trend, while taking into account reasonable hypotheses regarding audience numbers.

Programming cost assumptions took into account forecasted internal and external audiovisual production costs, as well as the amount of investment necessary to maintain audience levels.

The estimates cover a period of five years and for cash flows not considered, income to perpetuity is estimated using a growth rate of around 2% (2011: 2%). Estimated cash flows are discounted at a rate that represents the current market assessment of the risk-free rate and the specific situation of the industry. The discount rate used is around 9.75% (2011: 9.3%).

Based on the assumptions used and the estimated cash flows calculated, no impairment was identified for either goodwill or intangibles with indefinite lives.

Sensitivity to changes in assumptions

Management believes that, based on information currently available, no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

10. Equity method investments

The amounts and changes in 2012 and 2011 in the items composing "Equity method investments" are as follows:

	Equity method investment
Balance at December 31, 2010	**496,725**
Increases/decreases	
Equity method investments	7,460
Dividends receipts	(20,275)
Other non-comprehensive income	
Other movements	(823)
Balance at December 31, 2011	**483,087**
Increases/decreases	
Equity method investments	8,452
Dividends receipts	(22,101)
Other non-comprehensive income	
Other movements	(1,495)
Balance at December 31, 2012	**467,943**

In 2010, Mediaset España Comunicación, S.A., based on the outcome of the impairment test carried out, wrote down the value of the stake in Edam Acquisition Holding, Coop. to zero.

In 2011, the Edam Group entered into negotiations with its bank creditors for a potential debt restructuring as it was unable to meet the financial covenants of the syndicated loan granted in 2007 for the acquisition of Endemol. A qualified majority of credits agreed to grant waivers, extending the terms so the June 2011 covenants would not be missed and to help the negotiation of the debt restructuring, led by senior debt creditors.

Judging by recent developments in this process near year end 2011 (e.g. the creditors' agreement signed which entails the allocation of the Group to senior bondholders or its sale to third parties) and its outlook based on the agreements made once the need for restructuring was decided, the Company's directors reversed the debit balance of the "Recyclable reserves in associates" arising from movements recognized directly in Endemol's consolidated reserves. This resulted in a loss in the income statement, but did not have any overall effect on the Group's equity.

Therefore, the investment in Edam Acquisition Holding, Coop. was transferred in 2011 from "Equity method investments" to "Other financial assets."

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	
	2012	2011	2012	2011
Pegaso Television, Inc.	3,540	3,540	-	-
Producciones Mandarina, S.L.	1,402	1,876	454	1,327
La Fábrica de la Tele, S.L.	3,560	3,367	1,632	1,866
BigBang, S.L.	732	871	103	484
DTS Distribuidora de Tv Digital, S.A. (*)	457,829	473,433	4,331	3,783
60 DB Entertainment	447	-	(53)	-
Editora Digital de Medios	433	-	(67)	-
Furia de Titanes A.I.E.	-	-	2,052	-
Total	**467,943**	**483,087**	**8,452**	**7,460**
Impact of Edam's removal from the consolidation scope				(30,415)
			8,452	**(22,955)**

(*) Audited by Deloitte

a) Key financial highlights of companies accounted for using the equity method in 2012 and 2011:

2012	Assets	Equity	Liabilities (Thousands of euros)	Income	Outcome
Pegaso Televisión, Inc. (1)	Data not available	Data not available	Data not available	Data not available	Data not available
BigBang (1)	3,020	2,439	581	5,821	342
Producciones Mandarina, S.L.	7,086	4,673	2,413	15,101	1,515
La Fábrica de la Tele, S.L. (1)	19,456	11,867	7,589	29,412	5,441
DTS Distribuidora de TV Digital, S.A. (**)	1,471,666	927,029	544,637	1,067,884	52,408
60 DB Entertainment (1)	418	330	88	493	(175)
Editora Digital de Medios (1)	987	866	121	20	(134)
Furia de Titanes A.I.E. (2)	56,319	(5,729)	62,048	3,879	(6,323)

(**) Audited by Deloitte, S.L.
(1) Unaudited
(2) Audited by Deloitte, S.L. at June 30, 2012

2011	Assets	Equity	Liabilities (Thousands of euros)	Income	Outcome
Pegaso Televisión, Inc. (1)	13,305	(30)	13,335	25	(1,970)
BigBang(1)	4,991	2,904	2,087	15,911	1,615
Producciones Mandarina, S.L.	11,482	6,255	5,227	33,364	4,423
La Fábrica de la Tele, S.L. (1)	22,482	11,223	11,259	34,806	6,221
DTS Distribuidora de TV Digital, S.A. (**)	1,423,340	956,226	458,114	984,603	49,806

(**) Audited by Deloitte, S.L.

(1) Unaudited

Changes in the investments accounted for using the equity method are described in Note 1 under "Changes in the consolidation scope."

b) Acquisition of 60 DB Entertainment, S.L.U.

On June 2, 2012, Mediaset España Comunicación, S.A. assumed and fully paid in the capital increase (3 thousand euros) as well as its corresponding share premium (497 thousand euros). The shareholder expressly forfeited its right to exercise the pre-emptive subscription rights to 3,000 new shares, which were fully assumed and paid in by the Mediaset España Comunicación, S.L., thereby acquiring 30% of 60dB Entertainment, S.L.

c) Acquisition of Editora Digital de Medios, S.L.U.

On September 26, 2012, Mediaset España Comunicación, S.A., subscribed the entirety of the new shares which Editorial Ecoprensa, S.A. agreed to issue as a capital increase, paying in 500 thousand euros. Following the capital increase, Mediaset España Comunicación, S.A. currently owns 500,000 shares with a par value of 1 euro each, representing 50% of Editora Digital de Medios, S.L.

d) Impairment testing of equity method investments

- DTS Distribuidora de TV Digital, S.A.

At December 31, 2012, the performance of Digital+'s business during the year did not give any indications that the investment was impaired. Therefore, it was not tested for impairment this year.

11. Other non-current financial assets

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

	12/31/12	12/31/11
Available-for-sale financial assets		
Long term loans	192	143
Loans to related companies	3,344	49,495
Other	943	5,824
Total	**4,479**	**55,462**

Loans to related companies

The breakdown of "Loans to related companies" at December 31, 2012 and 2011 is as follows:

	12/31/2012	12/31/2011
Endemol Group's debt	-	46,085
Loans granted to Pegaso	3,344	3,410
Total	3,344	49,495

Endemol Group debt relates to acquisitions made in prior years from third parties under market conditions of Endemol Group debt, as explained in the notes to the 2011 consolidated financial statements. This debt is measured at amortized cost. At March 30, 2012, the Group sold a third of this debt, earning 1 million euros; therefore, at December 31, the Group is no longer an Endemol Group creditor.

Other current financial assets

This heading primarily reflected the option that Prisa TV granted to Mediaset España whereby, once a year has elapsed from the date of acquisition of its share in DTS, Distribuidora de Televisión Digital, S.A., it might recognize certain rights over the management of Digital+.

The price of granting the option was 5,000 thousand euros, which Mediaset paid to Prisa TV at the same time it acquired its shares.

Mediaset España Comunicación may exercise this option within three months after the first anniversary of the closing of the transaction. In 2012, the Group chose not to exercise the option, and therefore the above amount was recognized in the separate income statement.

The stake in Edam Acquisition Holding, Coop. is recognized under "Other financial assets" (Note 10). The carrying amount of this investment was zero in 2012 and 2011.

12. Other current assets

The breakdown of “Other current assets” at December 31, 2012 and December 31, 2011 is as follows:

	12/31/2012	**12/31/2011**
Prepaid expenses	10,940	65,525
Advance commissions	16	30
Total	10,956	65,555

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

13. Other current financial assets

The breakdown of “Other current financial assets” at December 31, 2012 and December 31, 2011 is as follows:

	12/31/2012	**12/31/2011**
Short-term investments securities	-	53,931
Loans to associates	313	117
Other financial assets	1,752	1,742
Total	**2,065**	**55,790**

“Short-term investment securities” included time deposits maturing in the short term at market interest rates, which were canceled during the year.

“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, 2012 and December 31, 2011 is as follows:

	12/31/2012	12/31/2011
Cash on hand and at bank	90,692	58,574
Total	**90,692**	**58,574**

No restrictions to the availability of balances exist.

15. Equity

15.1 Share capital

At December 31, 2012 and 2011, the parent Company's share capital comprised 406,861,426 shares with a nominal value of 0.5 euros each, all represented by book entries. All share capital has been fully subscribed and paid up and is held as follows:

Owner	2012 % Interest	2011 % Interest
Mediaset, S.p.A.	41.6	-
Mediaset Investimenti, S.p.A.	-	41.2
Prisa Group	17.3	17.3
Market	39.5	39.9
Treasury shares	1.6	1.6
Total	100.0	100.0

At December 31, 2012, the Group was notified of the merger between Mediaset Investimenti, S.p.A. and Mediaset S.p.A.; the latter assumed all of the former's assets and liabilities, which resulted in a new share capital breakdown (see above table).

All the shares making up the company's issued capital enjoy the same rights.

Share transfers are governed by the General Audiovisual Communication Law 7/2010, of March 31.

15.2 Dividends

On February 22, 2012, the parent's Board of Directors resolved to submit for approval by shareholders in ordinary general meeting a proposal to pay out a dividend amounting to 55,260 thousand euros with a charge to 2011 profit. This dividend was equivalent to 0.14 euros per outstanding share. This distribution was ratified by the General Shareholders' Meeting on March 28, 2012.

15.3 Legal reserve and Goodwill reserve

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.

The parent has set aside the full legal reserve required, i.e., 40,686 thousand euros. This amount is included under "Other reserves" on the accompanying consolidated statement of financial position.

The parent has set aside a non-distributable reserve of 14,399 thousand euros equal to the amount of goodwill.

15.4 Treasury shares

Treasury shares were acquired mainly to cover the company's commitments in relation to share option plans. These plans are described in Note 21.

The changes in "Treasury shares" in 2012 and 2011 were as follows:

	2012		2011	
	Number of shares	Amount (*)	Number of shares	Amount (*)
At beginning of year	**6,419,259**	**84,746**	**6,419,259**	**84,746**
Increase	-	-	-	-
Decrease	-	-	-	-
At year end	**6,419,259**	**84,746**	**6,419,259**	**84,746**

(*) Amounts in thousands of euros

At December 31, 2012, the Company shares held by it and by its subsidiaries represented 1.58% of the share capital (2011: 1.58%).

No treasury shares were purchased or sold in 2012 or 2011.

Thus, the Company held the same amount of treasury shares in 2012 as 2011.

15.5 Non-controlling interests

The breakdown, by company, of the balance of "Non-controlling interests" in the consolidated statement of financial position at December 31, 2012 and 2011 is as follows:

	2012			2011		
	Non-controlling interest	Separated profit(loss) attributable to non-controlling interests	Consolidated profit(loss) attributable to non-controlling interests	Non-controlling interest	Separated profit(loss) attributable to non-controlling interests	Consolidated profit(loss) attributable to non-controlling interests
Mediacinco Cartera, S.L.	12,498	(600)	(600)	13,098	2,130	2,130
Total	**12,498**	**(600)**	**(600)**	**13,098**	**2,130**	**2,130**

Mediaset Investiment S.A.R.L. has a non-controlling interest in Mediaset Investment S.A.R.L., which has granted a participating loan to Mediacinco Cartera. This loan was converted into equity of the company in 2011.

16. Non-current provisions and other contingent liabilities

Non-current provisions

These include provisions made in 2012 and prior years to cover, among other items, contingent risks arising from litigation in progress and unresolved tax assessments.

The changes in non-current provisions in the years ended December 31, 2012 and 2011 were as follows:

2012	**Balance at 12/31/11**	**Charge for the year**	**Amount used**	**Amounts reversed**	**Transfer**	**Balance at 12/31/12**
Provision for contingencies and charges	29,306	3,926	(6,973)	(1,942)	-	24,317

2011	**Balance at 12/31/10**	**Charge for the year**	**Amount used**	**Amounts reversed**	**Transfer**	**Balance at 12/31/11**
Provision for contingencies and charges	31,978	7,809	(5,416)	(3,316)	(1,749)	29,306

At December 31, 2012 and 2011, provisions for liabilities and charges relate to pending lawsuits and appeals between the Group and third parties. Provisions recognized in the year relate to new lawsuits facing the Group, while reversals relate to litigation that has been resolved.

Its directors and legal advisors have evaluated possible related risks, and where such risks are considered probable, and their economic effects quantifiable, they have made the appropriate provisions.

Contingencies

CHANNEL INCREASE THROUGH ACCESS TO A MUTLIPLE DIGITAL LICENSE

A sentence handed down on November 27, 2012 by the Third Chamber of the Supreme Court (Appeal 442/2010) canceled the the Council of Ministers' resolution dated July 16, 2010 which assigned each of the Digital Terrestrial TV (TDT) channel licensing companies (the operators), including MEDIASET ESPAÑA (previously GESTEVISION TELECINCO) and SOCIEDAD GENERAL DE TELEVISION CUATRO, S.A., a multiple digital license with national coverage, increasing the channels it manages to four.

This assignment (annulled by the sentence) was enacted by virtue of the application of regulations approved by the National Technical Plan for Digital Terrestrial TV, which starting in 1,998 regulated the transition from analogical to TDT transmission, finalizing in 2010. The government verified that the companies to be granted the multiple channels had complied with all the necessary requirements and obligations inherent in proceeding with the appealed assignation in order to make the transition to TDT.

The sentence was based on the fact that when the the multiple channels were assigned, the General Law on Audiovisual Communication (LGCA, published one month prior to the appealed Agreement) was applicable; it states that additional channels assigned under each license must be granted through a public bidding process. This dilemma might have been circumvented with the mere introduction of a provision by the LGCA granting continuity to the agreement prior to its enactment.

The Supreme Court views the main obstacle to be a mere formality, and the TDT's original basis was never questioned, and therefore, the eventual assignment of multiple channels to each operator was not a complex issue; this was manifested during meetings held with the pertinent ministries; thus, it is expected that these issues will be resolved in upcoming weeks.

PROCEDURES RELATIVE TO THE LATE PRESENTATION OF THE ACTION PLAN

On August 2, 2011, the Comisión Nacional de la Competencia (CNC - anti-trust authorities) handed down a resolution on dossier SNC/0012/11 (Concentración Telecinco-Cuatro) in which it declared Mediaset España responsible for a very serious violation of Anti-Trust Law, as it did not present an Action Plan (including commitments with the CNC) within the established deadline, setting a fine of 3,600,000 euros.

This resolution was appealed before the National Court of Justice as part of ordinary civil lawsuit 474/2011. A sentence handed down on January 8, 2013 overruled it, upholding the imposition of the fine.

Another appeal was filed before the Supreme Court; the Company has solid expectations that it will receive a favorable ruling: either an annulment, or a significant reduction in the amount of the fine.

The main arguments against the Supreme Court ruling as well as the CNC's resolution are as follows:

-☐ The alleged Action Plan infraction did not take place: it was presented within the CNC's established deadline.

-☐ In the event that it was indeed presented late, the period did not exceed a month and thus, the Group complied with the commitment with the CNC (that the Action Plan was a mere development outline); thus, no general or underlying interests were harmed.

-☐ Therefore, rather than a material lack of compliance, the Group was guilty of a simple procedural error, and therefore did not breach anti-trust laws; consequently, Law 30/1992 of the Legal Regime of Public Administrations and Common Administrative Procedure laws are applicable.

- It is thus not considered necessary to apply the terms of the Anti-Trust Law: a procedural error cannot be considered a very serious violation, and is thus unworthy of a 3,660,000 fine, as this sum is totally disproportionate to the infringement in question.

-☐ Finally, the fine is a frontal violation and breach of the principles which prohibit reformatio in peius (Articles 89.2 and 113.3 of Law 30/1992), since the CNC only chose to initiate disciplinary proceedings against MEDIASET ESPAÑA once it had decided to appeal the CNC-approved Action Plan, and not when the alleged violation took place.

Thus, the accompanying consolidated balance sheet does not include a provision for this contingency, as the directors and legal advisors do not consider it likely that this risk will materialize.

PROCEEDINGS RELATED TO MEDIASET ESPAÑA COMUNICACIÓN, S.A.'S FAILURE TO COMPANY WITH THE TELECINCO-CUATRO MERGER

On February 6, 2013, the el Comisión Nacional de Defensa de la Competencia (CNDC - Anti-trust authorities) handed down a ruling on Dossier SNC/0024/12 Mediaset (the "resolution"), in which Mediaset España Comunicación, S.A. ("Mediaset España") failed to comply with certain commitments and obligations established in the C-0230/09 Telecinco/Cuatro merger dossier; a fine of 15,600,000 was set.

The resolution states that Mediaset España failed to comply with four of the twelve commitments upon which the Telecinco/Cuatro merger was authorized (commitments (ii), (iii), (vi) and (xii)), as well as different requirements for providing information to the CNS regarding these obligations.

The commitments set Mediaset España restrictions in order to neutralize or compensate for potential anti-trust issues arising from the transaction. These include:

- Regarding the sale of TV ad space: Mediaset España agreed that it would not jointly place advertisements with Cuatro and Telecinco or groups of channels whose overall audience topped 22%. Specifically, commitment (ii) prohibited formal or de-facto joint sales of advertising space with Telecinco and Cuatro. Among other stipulations, commitment (iii) established a functional split between Publimedia and Publiespaña, in order to handle free-to-air and pay TV separately.

- Limits were imposed for the acquisition of audiovisual contents from third parties. Commitment (vi) limited exclusive contracts to three year durations (in general terms), also excluding automatic renewal and other similar terms, while commitment (xii) prevented exclusive rights or first options on the entirety of national contents production/products.

The commitments were later developed unilaterally as part of the CVC-imposed Action Plan, which also set certain obligations regarding informing the authorities, to guarantee their compliance.

The Action Plan's interpretation of the commitments was strict to the point that it substantially modified its content, thereby significantly making Mediaset España's commitments more difficult to assume; this affected advertising as well as content acquisition. For example, the duration of contracts for acquiring content was to be calculated at their signing date, rather than when the rights commenced; thus, this was legally disputed, and a sentence is still pending.

Mediaset España did not fail to comply with any of its commitments with the CNC.

- Mediaset España did not violate commitment (ii) after the merger finalized: in 2011, it lowered its share of the advertising market as well as the average per-ad price, while managing to keep its audience numbers constant. Reports prepared by external advisors conclude that Publiespaña has not failed to meet its commitments, and that it has not violated anti-trust laws.

- As regards commitment (iii), Mediaset España was careful to ensure that positions in Publimedia and Publiiespaña were not duplicated. Likewise, there has been no indication whatsoever of a failure to meet the obligation to guarantee the functional or commercial independence of both companies.

- With respect to commitment (vi), Mediaset España has been charged with delay in granting suppliers the right to reduced contracts, and renouncing extension or preferential acquisition rights which never really existed, considering the deadlines established to that effect as well as legal suspension periods, as a result of Mediaset's legitimately filed appeals. No effect would have been felt on the market, as no suppliers exercised any of the granted rights.

- With respect to commitment (xii), Mediaset España renounced all the pertinent option rights included in contracts with producers, while fulfilling its other related obligations; thus, it did not fail to comply with any of the stated conditions.

Mediaset España provided information in conformance with the Action Plan, responded to CNC requirements, and took all the necessary steps expected of it. None of the supposed delays or problems in delivering information represents a material failure to comply with the established commitments.

Therefore, Mediaset España plans to file an appeal and prepare a resolution before the National Court of Justice, to request the suspension of the fine, in accordance with articles 46 and 129 and Law 29/1998, dated July 13, which regulates the Federal Court of Appeals on Commercial Matters.

As in the previous dossier, the accompanying consolidated balance sheet does not include a provision for this contingency, as the directors and legal advisors do not consider it likely that this risk will arise.

As explained in Note 19.2, the Group is open to inspection of certain tax returns; however, the parent's directors and tax advisors consider that no significant tax contingencies will materialize, and if they do, they will not have a significant effect on the accompanying consolidated statement of financial position.

17. Other non-current liabilities

The breakdown of “Other non-current liabilities” is as follows:

	Balance at 12/31/12	**Balance at 12/31/11**
Advances received on loans	-	94
Other payables	240	189
Total	**240**	**283**

18. Short-term provisions

The breakdown of “Short-term provisions” is as follows:

	Balance at 12/31/11	Additions	Applications	Reversions	Transfers	Balance at 12/31/12
Provisions for sales volume rebates	**57,657**	45,424	(56,113)	-	3,455	**50,423**
Provisions for contingencies	**8**		-	(8)		-
	57,665	**45,424**	**(56,113)**	**(8)**	**3,455**	**50.423**

	Balance at 12/31/10	Additions	Applications	Reversions	Transfers	Balance at 12/31/11
Provisions for sales volume rebates	**57,407**	56,866	(56,567)	-	(49)	**57,657**
Provisions for contingences	**19**		(11)	-		**8**
	57,426	**56,866**	**(56,578)**		**(49)**	**57,665**

19. Tax matters

19.1 Consolidated tax group

Pursuant to current legislation, the Consolidated Tax Group includes Mediaset España Comunicación, 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 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 2012
Value added tax	2009 to 2012
Withholdings, non-resident income tax	2009 to 2012
Gaming tax: bets and promotional draws	06/2008 to 2012
Taxes on games of luck, betting, and chance: raffles and tombola	06/2008 to 2012
Annual transaction statement	2008 to 2012
Consolidated statement of intra-regional delivery and acquisition of assets	2009 to 2012

The Spanish Tax Authorities' Tax and Customs Control Department of the Central Office of Major Taxpayers is currently performing its verifications and investigations on the following items: “Taxes on games of luck, bets, or chance: raffles and tombolas" as well as "Gaming tax: bets and promotional draws" for June, 2008 to December 2011; the final result is still pending at the date of these financial statements.

If, once the inspection has finalized, a regulation is proposed which surpasses the related provisioned risks and contingencies, it will in any case refer to Company transactions carried out in close observance of the criteria established by the tax authorities (more specifically the inspectors) arising from previous inspections and related to the same items and transactions identical in nature. Thus, should such a situation arise, there are solid arguments in the Company's defense for applying the above criteria in both lawsuits and appeals, and consequently obtaining favorable outcomes.

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. Therefore, the accompanying statement of financial position does not include a provision for this contingency.

19.3 Balances relating to Public Authorities

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

	Balance at 12/31/12	Balance at 12/31/11
Deferred tax liabilities	**6,607**	**5,305**
Value added tax liability	8,558	5,605
Personal income tax withholdings	3,454	3,384
Payable to Social Security	1,541	1,519
Other public entities	3,318	4,791
Payable to tax authorities	**16,871**	**15,299**

	Balance at 12/31/12	Balance at 12/31/11
Deferred tax assets	**176,434**	**158,125**
Income tax receivable	**16,720**	**12,145**
VAT receivable	23	384
Other tax receivables	342	354
Receivable from tax authorities	**365**	**738**

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 August 5, which implemented Law 8/2009 and ITC order/2373/2010 of September 9, 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 recognized under "Other public entities." At December 31, 2012, the outstanding balance is 2,654 thousand euros (2011: 4,152 thousand euros).

19.4 Income tax

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

	2012	2011
CONSOLIDATED INCOME STATEMENT		
Current income tax		
Current income tax expense	25,660	61,228
Deferred tax liabilities		
Relating to increases and decreases in temporary differences	(22,871)	(22,746)
	2,789	**38,482**

	2012	2011
CONSOLIDATED PROFIT BEFORE TAX	52,332	151,131
Tax rate	15,700	45,339
Permanent differences	1,477	9,195
Tax credits and rebates	(14,388)	(16,052)
	2,789	**38.482**

In 2012 and 2011, 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.

2012	**Balance at 12/31/11**	**Increases**	**Decreases**	**Transfer**	**Balance at 12/31/12**
Deferred taxes:					
Provisions for fixed assets impairment	-	-	-	-	-
Provision for litigation	910	-	(429)	-	481
Other concepts	135,005	2,401	(622)	-	136,784
Unused tax deductions	22,209	16,959	-	-	39,168
Loss carryforwards	-	-	-	-	-
Total deferred tax assets	**158,125**	**19,360**	**(1,051)**	**-**	**176,434**

2011	**Balance at 12/31/10**	**Increases**	**Decreases**	**Transfer**	**Balance at 12/31/11**
Deferred taxes:					
Provisions for fixed assets impairment	-	-	-	-	-
Provision for litigation	175	735	-	-	910
Other concepts	122,294	15,386	(332)	(2,343)	135,005
Unused tax deductions	12,290	17,968	(8,049)	-	22,209
Loss carryforwards	25,291	-	(25,292)	-	-
Total deferred tax assets	**160,050**	**34,089**	**(33,673)**	**(2,343)**	**158,125**

2012	**Balance at 12/31/11**	**Increases**	**Decreases**	**Transfers**	**Balance at 12/31/12**
Other items	2,343	77	-	-	2,420
Intangible assets	2,962	1,274	(49)	-	4,187
Total deferred tax liability	**5,305**	**1,351**	**(49)**	**-**	**6,607**

2011	Balance at 12/31/10	Increases	Decreases	Transfers	Balance at 12/31/11
Other items	-	-	-	2,343	2,343
Intangible assets	-	2,962	-	-	2,962
Total deferred tax liability	**-**	**2,962**	**-**	**2,343**	**5,305**

Deferred tax liabilities on intangible assets arise from the deductibility of goodwill and the license acquired.

The unused tax credits mainly relate to tax credits for investments in film productions. These tax credits may be used over the next 10 years.

	Thousands of euros	
	2012	**2011**
Deductions pending 2010	2,916	6,583
Deductions pending 2011	15,626	15,626
Deductions pending 2012	20,626	-
	39,168	**22,209**

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 analyzed the reversal period of taxable temporary differences. Based on this analysis, the Group has recognized 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 December 31, 2012 and December 31, 2011, are as follows:

Nature of guarantee	**12/31/12** (Thousands of euros)	**12/31/11** (Thousands of euros)
Guarantees provided		
Surety bonds for contracts, concessions, and tenders	27,923	67,373
Payments into court	3,600	27
	31,523	**67,400**
Guarantees received	**32,817**	**37,779**

20.1 Guarantees provided

The Group has provided guarantees totaling 2,363 thousand euros to the Tax and Customs Control Department due to the appeal against the tax settlement agreement of which the Department notified the Group on June 26, 2009 and which confirmed the proposal given in the assessment from the tax inspection dated September 1, 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).

To guarantee the late-payment interest, the amount of the guarantee was increased by 84 thousand euros.

The Group has deposited 25.5 million euros in guarantees required for its commercial activity in 2012 (2011: 65 million).

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 December 31, 2012 and December 31, 2011 is shown in the preceding table.

21. Share-based payment plan

At December 31, 2012, 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 2011.

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

Pursuant to a resolution by the parent's Board of Directors on February 2, 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:

	2007 Plan	2008 Plan	2009 Plan	2010 Plan	2011 Plan
Strike	19.74	7.13	5.21	7.00	5.83
Yield on the share (dividend yield)	6%	10%	5%	5.5%	5.5%
Volatility	22.5%	27.5%	30%	50%	37%

A share option plan for certain employees was approved in 2011. The weighted average fair value of these options at the measurement date was 1.21 euros per share, calculated using a binomial valuation model with the following variables:

Variable	Value
Weighted average share price	6.22
Excercise price	5.83 euros
Expected volatility	37%
Option life	7/27/2014-7/26/2016
Expected dividends	5.5%
Risk-free interest rate	1,93 % (Rentability German Bond)

There were no new share option plans in 2012.

The two capital increases give rise to an incremental fair value for the options. In accordance with IFRS 2, as the modification took place during the vesting period of the share options, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period. The impact of this is not significant.

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 1,222 thousand euros was recognized for share options in 2012 (2011: 1,358 thousand euros) (Note 23.2).

These share-based payment schemes in 2012 are shown in the following table (in any case, the granting conditions approved by the Board of Directors have been met):

	Number of options	Strike price	Assignment date	From	To
Options granted	572,325	7.13	2008	07/30/2011	07/29/2013
Options canceled	(27,000)	7.13	2008		
Plans outstanding at December 31, 2008	**545,325**				
Options granted	319,163	5.21	2009	07//29/2012	07/28//2014
Options canceled	(9,000)	5.21	2009		
Plans outstanding at December 31, 2009	**855,488**				
Options granted	1,297,650	7.00	2010	07/28//2013	07/27/2015
Options canceled	(57,000)	7.00	2010		
Plans outstanding at December 31, 2010	**2,096,138**				
Options granted	673,225	5.83	2011	07/27/2014	07/26/2016
Options canceled	(28,500)	5.83	2011		
Plans outstanding at December 31, 2011	**2,740,863**				

The schemes for 2011 are as follows:

	Number of options	Strike Price	Assignment date	From	To
Options granted	1,153,650	19.74	2007	07/25/2010	97/24//2012
Options canceled	(111,000)	19.74	2007		
Plans outstanding at December 31, 2007	**1,042,650**				
Options granted	590,325	7.13	2008	07/30//2011	07/29/2013
Options canceled	(18,000)	19.74	2007		
Plans outstanding at December 31, 2008	**1,614,975**				
Options granted	319,163	5.21	2009	07/29/2012	07/28//2014
Plans outstanding at December 31, 2009	**1,934,138**				
Options granted	1,297,650	7.00	2010	07/28//2013	07/27//2015
Plans outstanding at December 31, 2010	**3,231,788**				
Options granted	673,225	5.83	2011	07/27//2014	07/26//2016
Plans outstanding at December 31, 2011	**3,905,013**				

The Goup hat its own share options to comply with this commitments.

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 recognized in the consolidated statement of financial position. As required by the corresponding measurement and recognition policy, these derivatives are classified as "held for trading."

The breakdown, by maturity, of the notional amounts of derivatives outstanding at the Group at December 31, 2012 is as follows:

2012	Notional amount/ Maturity up to one year	Amount in $		Fair value
		Dollars	Year - end (€/$) exc. rate	
Purchase of unmatured currency				
Purchase of dollars in euros	26,201	34,050	1.3194	(417)
Sales of dollars in euros	-	-	-	-
Net	26,201	34,050		(417)

The breakdown, by maturity, of the notional amounts of derivatives outstanding at the Group at December 31, 2011 is as follows:

2011	Notional amount/ Maturity up to one year	Amount in $		Fair value
		Dollars	Year - end (€/$) exc. rate	
Purchase of unmatured currency				
Purchase of dollars in euros	32,649	44,877	1.2939	2,112
Sales of dollars in euros	-	-	-	-
Net	32,649	44,877		2,112

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.

22.2 The 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)	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Non-current financial assets								
Assets at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	4,479	55,462	4,479	55,462
Available-for-sale financial assets								
Measured at fair value	-	-	-	-	-	-	-	-
Measured at cost	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**4,479**	**55,462**	**4,479**	**55,462**
Current financial assets								
Assets at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	187,549	272,519	187,549	272,519
Available-for-sale financial assets								
Measured at fair value	-	-	-	-	-	-	-	-
Measured at cost	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
TOTAL	-	-	-		187,549	272,519	187,549	272,519
TOTAL	**-**	**-**	**-**	**-**	**192,028**	**327,981**	**192,028**	**327,981**

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

	2012	**2011**
Non-current financial assets	4,479	55,462
Accounts receivable	185,484	216,729
Other current financial assets	2,065	55,790
	192,028	**327,981**

"Accounts receivable" includes trade receivables less provisions for uncollectible receivables, which amounted to a gross 201,843 thousand euros in 2012 (2011: 230,797 thousand euros).

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

2012	Maturity				
	Balance	**Under 3 months or past due**	**6 months**	**12 months**	**> 12 months**
Trade receivables	201,843	197,197	4,266	380	-
Other debtors	7	7	-	-	-
Other financial current assets	2,065	1,953	-	112	-
	203,915	**199,157**	**4,266**	**492**	**-**

2011	Maturity				
	Balance	**Less than 3 months or due dated**	**6 months**	**12 months**	**> 12 months**
Trade receivables	230,797	211,389	3,781	2,972	12,655
Other debtors	7	7	-	-	-
Other financial current assets	55,790	55,790	-	-	-
	286,594	**267,186**	**3,781**	**2,972**	**12,655**

	Bank borrowings		**Bonds and other marketable debt securities**		**Payables, derivatives and other financial assets**		**Total**	
(Thousands of euros)	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Non-current financial liabilities								
Trade and other payables	-	-	-	-	240	283	240	283
Liabilities at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**240**	**283**	**240**	**283**
Current financial liabilities								
Trade and other payables	226	61,774	-	-	246,851	363,695	247,077	425,470
Liabilities at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	417	-	417	-
	226	**61,774**	**-**	**-**	**247,268**	**363,695**	**247,494**	**425,470**
	226	**61,774**	**-**	**-**	**247,508**	**363,979**	**247,734**	**425,753**

At December 31, 2012, the Group's undrawn credit amounted to 344,998 thousand euros (2011: 271,481 thousand euros). The interest accrued on these loans in 2012 amounted to 828 thousand euros (2011: 2,092 thousand euros).

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

	2012	2011
Other non-current liabilities (Note 17)	240	283
Payable to related parties (Note 25.1)	44,427	62,013
Accounts payable for purchases and services	121,330	191,341
Accounts payable for audiovisual rights	68,866	93,777
Other non-trade payables	12,871	78,338
	247,734	**425,753**

There are no significant differences between the fair value and the net carrying amounts of financial assets and liabilities at December 31, 2012 and 2011.

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

2012		**Maturities**			
	Balance	3 months	6 months	12 months	30 months
Payable for purchases or rendering of goods or services	121,330	117,389	3,941	-	-
Payables for purchases of audiovisual rights	68,866	68,246	531	89	-
Bank borrowings	226	226	-	-	-
Payables for acquisition of assets	2,602	2,191	411	-	-
Total	**193,024**	**188,052**	**4,883**	**89**	**-**

2011		**Maturities**			
	Balance	3 months	6 months	12 months	30 months
Payable for purchases or rendering of goods or services	191,341	190,978	341	22	-
Payables for purchases of audiovisual rights	93,777	93,084	612	81	-
Bank borrowings	61,774	61,774	-	-	-
Payables for acquisition of assets	4,583	4,556	27	-	-
Total	**351,475**	**350,392**	**980**	**103**	**-**

The maturities of the borrowings from related parties are shown in detail in Note 25.1.

In accordance with prevailing mercantile legislation, in 2012 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 July 7, 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 December 31, 2011, of 75 days in 2012 and 60 from January 1, 2013. At December 31, 2012 the outstanding amounts payable to suppliers over 75 days was 25,551 thousand euros.

Total payments made within the maximum legal period	Total payments for the year	Deferrals exceeding the maximum legal payment period at year end (*)	Average debt payment period over 75 days
541,439	569,132	25,551	4

At December 31, 2011, the outstanding amounts payable to suppliers over 85 days was 27,692 thousand euros.

Total payments made within the maximum legal period	Total payments for the year	Deferrals exceeding the maximum legal payment period at year end (*)	Average debt payment period over 85 days
550,838	604,869	27,692	8

(*) Deferrals exceeding the legal payment period at the end of the year relate mainly to administrative incidents in the processing of invoices, which are currently being resolved.

22.3 Capital management policy

The Group's capital management policy is focused on securing a return on investment for shareholders that maximizes the profitability of their contribution to the company with the least amount of risk possible, contributing with an attractive risk investment in line with the current economic and business environment. 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.

22.4 Risk management policy

To efficiently manage the risks to which the Mediaset España 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.

22.4.1 Credit 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, 2012 and December 31, 2011 was as follows:

	2012 Thousands of euros	2011 Thousands of euros
Non-current receivables	4,479	55,462
Non-current financial investments	-	-
Trade and other receivables	201,762	226,746
Current receivables from Group companies and associates	809	2,867
Current investments	2,065	55,790
Cash and cash equivalents	90,692	58,574
	299,806	**399,439**

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

22.4.2 Operating 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 authorization levels in order to approve transactions are established.

The financial assets considered as part of the operating activities are mainly 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 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 11), 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 measured based on their current ratings.
- The investments are placed in conservative products (bank deposits, debt repos, etc,) on which, in general, the repayment of the invested capital is guaranteed.
- 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, and Financial Director).

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

22.4.4 Liquidity 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 to conduct its business.

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 2012, the opening credit lines total 345 million euros (2011:total 333 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.

22.4.5 Market 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 December 31, as the benchmark, we applied a variation of +100 basis points -10 basis points.

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	-10 bp	Annual interest
31-12-12	0.109%	73,716	80	1.109	818	0.009	7
31-12-11	1.024%	26,449	271	2.024	535	0.924	191

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 euros/$ 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 (2012: 9.1675% and 2011: 15.40%), 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:

12/31/12			12/31/11		
$	Exc. Rate	Differences	$	Exc. Rate	Differences
34,050	1.3194	-417	44,877	1.2939	2,112
Sensitivity test					
34,050	1.1984	2,153	44,877	1.0947	8,407
34,050	1.4404	-2,544	44,877	1.4931	-2,502

Analysis of derivatives on purchases from suppliers in foreign currencies:

12/31/12			12/31/11		
$	E,R,	Differences	$	E,R,	Differences
38,536	1.3194	455	61,664	1.2939	-2,947
Sensitivity analysis					
38,536	1.1984	-2,493	61,664	1,0947	-11,619
38,536	1.4404	2,909	61,664	1,4931	3,411

23 Income and expenses

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

Activity	2012 Thousands of euros	2011 Thousands of euros
Publiespaña Group advertising revenue	806,714	947,482
Other advertising revenue	519	1,182
Revenue from the rendering of services	53,662	21,554
Other	11,941	14,684
Total	**872,836**	**984,902**

23.2 The breakdown of “Staff costs” in 2012 and 2011 is as follows:

	2012 Thousands of euros	2011 Thousands of euros
Wages and salaries	89,650	96,970
Accrued share-based payment costs (Note 21)	1,222	1,358
Social security costs	15,875	15,481
Employee benefit costs	2,509	2,795
Total	**109,256**	**116,603**

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

	2012		2011	
	Men	Women	Men	Women
Managers	81	38	79	37
Supervisors	39	45	43	50
Other line personnel	70	99	78	108
Clerical staff	463	472	476	477
Other	21	2	21	2
Employees under contracts for project work or services	14	16	7	12
Total employees	**688**	**672**	**704**	**686**

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

	2012		2011	
	Men	Women	Men	Women
Managers	81	38	80	38
Supervisors	38	45	40	47
Other line personnel	68	98	78	105
Clerical staff	454	469	465	475
Other	21	2	21	2
Employees under contracts for project work or services	10	11	11	16
Total employees	**672**	**663**	**695**	**683**

23.3 The breakdown of “Change in operating provisions” at the statement of financial position date, which relates to the allowance for doubtful debts, is as follows:

	2012 Thousands of euros	2011 Thousands of euros
Charge for the year	3,491	4,671
Amounts used	(3,278)	(3,870)
Total	**213**	**801**

23.4 The breakdown of “Other expenses” in 2012 and 2011 is as follows:

	2012	2011
Other expenses	197,903	231,853
Overprovisions	(3,305)	(3,884)
Total	**194,598**	**227,969**

Overprovisions mainly include the reversal of the provisions explained in Notes 16 and 18.

23.5 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 2012, conducted by Ernst & Young, S.L., amounting to 239 thousand euros (2011: 254 thousand euros).

The fees for other professional services provided exclusively to the parent by the principal auditor amounted to 72 thousand euros at December 31, 2012 corresponding to audit-related services (2011: 99 thousand euros).

23. 6 The breakdown of the Group's net finance income in 2012 and 2011 is as follows:

	2012 Thousands of euros	2011 Thousands of euros
Interest income	4,813	7,653
Less interest expenses	(8,720)	(4,222)
Total	**(3,907)**	**3,431**

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.

23.7 Exchange differences

The breakdown of the exchange differences in 2012 and 2011 is as follows:

	2012 Thousands of euros	2011 Thousands of euros
Exchange gains	(1,459)	4,061
Exchange losses	1,398	(2,505)
Total	**(61)**	**1,556**

The foreign currency transactions, which related to the acquisition of audiovisual property rights and distribution rights, amounted to $73 million in 2012 (2011: $116 million).

In addition, the balance of the trade payables for purchases of audiovisual property rights includes 29,208 thousand euros denominated in US currency in 2012 (2011: 49,137 thousand euros).

Trade receivables for sales and services includes 68 thousand euros denominated in US currency in 2012 (2011: 80 thousand euros).

23.8 Operating leases

The breakdown of "Operating leases" in 2012 and 2011 is as follows:

	2012	2011
	Thousands of euros	
Minimum lease payments under operating leases recognized in profit or loss	977	1,492
	977	**1,492**

The future operating lease obligations assumed by the Group fall due at one year and are for amounts similar to those for 2012.

24. Earnings per share

The calculation of the weighted average number of shares outstanding and diluted at December 31, 2012 and 2011 is as follows:

	12/31/12	12/31/11
Total shares issued	**406,861,426**	**406,861,426**
Less: treasury shares	(6,419,259)	(6,419,259)
Total shares outstanding	400,442,167	400,442,167
Dilutive effect of share options and free delivery of shares	11,171	1,171,096
Total number of shares for calculating diluted earnings per share	400,453,344	401,613,263

24.1 Basic 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:

	2012	2011	Change
Net profit for the year (thousands of euros)	50,143	110,519	(60,376)
Number of shares outstanding	400,442,167	400,442,167	-
Basic earnings per share (euros)	**0.13**	**0.28**	**(0.15)**

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:

	2012	2011	Change
Net profit for the year (thousands of euros)	50,143	110,519	(60,376)
Number of shares for calculating diluted earnings per share	400,453,344	401,613,263	(1,159,919)
Diluted earnings per share (euros)	**0.13**	**0.28**	**(0.15)**

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.

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

	12/31/2012		12/31/2011	
	Receivable	Payables	Receivable	Payables
Aprok Imagen S.L.	-	-	-	-
Big Bang	-	1,774	-	2,461
Producciones Mandarina, S.L.	-	4,888	-	4,605
La Fábrica de la Tele, S.L.	-	5,940	-	7,308
Digital +	157	7,191	2,268	7,768
Editora Digital de Medios	27	23		
60 Db Entertainment	-	69		
Mediaset Group	303	20,755	125	28,546
Endemol Group	-	1,541	136	4,464
Pegaso Televisión Group	-	-	-	-
Prisa Group	322	2,246	338	6,861
Total	**809**	**44,427**	**2,867**	**62,013**

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

2012		Maturities		
	Balance	3 months	6 months	12 months
Investee	184	184	-	-
Mediaset Group	303	238	65	-
Other companies	322	322	-	-
Total	**809**	**744**	**65**	**-**

2011		Maturities		
	Balance	3 months	6 months	12 months
Investee	2,269	2,269	-	-
Mediaset Group	125	125	-	-
Other companies	473	473	-	-
Total	**2,867**	**2,867**	**-**	**-**

Current payables to related parties by maturity are as follows:

2012		Maturities		
	Balance	3 months	6 months	12 months
Investee	19,886	19,018	868	-
Mediaset Group	20,754	1,914	18,840	-
Other companies	3,787	2,964	823	-
Total	**44,427**	**23,896**	**20,531**	**-**

2011		Maturities		
	Balance	3 months	6 months	12 months
Investee	22,143	22,143	-	-
Mediaset Group	28,546	2,679	25,867	-
Other companies	11,324	11,324	-	-
Total	**62,013**	**36,146**	**25,867**	**-**

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

	Sales of goods		Purchase of goods		Other sales		Purchase of rights	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
60 Db Entertainment	-	-	164	-	-	-	-	-
Editora Digital de Medios	22	-	19	-	-	-	-	-
Big Bang	-	1	5,819	9,183	-	-	-	6,755
Digital +	605	5,250	17,359	22,487	-	-	363	59
La Fábrica de la Tele, S.L.	-	203	29,456	34,741	-	-	-	-
Producc, Mandarina, S.L.	1	14	15,057	23,024	-	-	-	6,468
Mediaset Group	87	436	380	1,317	3,178	3,044	18	-
Prisa Group	398	908	11,628	15,902	-	-	979	8,238
Endemol Group	(6)	98	26,600	31,602	-	-	964	600
Pegaso Group	77	-	-	-	(95)	727	-	-
Total	**1,184**	**6,910**	**106,482**	**138,256**	**3,083**	**3,771**	**2,324**	**22,120**

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.

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

<u>Credit facilities</u>

	Current limit	Drawn down (Dr) Cr	Non- current limit	Drawn down (Dr) Cr	Maturity
Exercise 2012					
Associates or shareholders	75,000	18,760	-	-	2013
Exercise 2011					
Associates or shareholders	75,000	25,823	-	-	2012

The interest rates applicable to these credit facilities, excluding those arranged as participating loans, were EURIBOR plus a market spread for 2012 and 2011.

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

25.2 Remuneration of directors

The Company's Board members earned total remuneration of 4,843 thousand euros and 4,731 thousand euros in 2012 and 2011, 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 2011 the Company's Board of Directors granted directors a total of 198,625 share options valued at 41 thousand euros.

At December 31, 2012, the most significant information on the share options granted by the Company to its directors is summarized as follows:

	Number of share options	Exercise price (euros)	Beginning of exercise period	End of exercise period
Total Board of Directors				
Options granted in 2008	216,625	7.13	07/30/11	07/29/13
Options granted in 2009	108,312	5.21	07/29/12	07/28/14
Options granted in 2010	397,250	7.00	07/28/13	07/27/15
Options granted in 2011	198,625	5.83	07/27/14	07/26/16

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 Mediaset España Comunicación, S.A. as of December 31, 2012, 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 Mediaset España Comunicación, S.A.'s corporate purpose.

Mr. 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 Mediaset España Comunicación, S.A. at December 31, 2012, 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, 2012, 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 Mediaset España Comunicación, S.A.:

Mr. 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
Publiespaña, S.A.U. (*)	Advertising agency	Self-employed	-	Chairman

(*) Mr. Alejandro Echevarria was the President of Publiespaña, S.A.U. until November 21, 2012.

Mr. Paolo Vasile

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	Company employee	Mediaset España Comunicación S.A.	Board member
Conecta 5 Telecinco , S.A.U.	Exploitation of audiovisual content on the Internet	Company employee	Mediaset España Comunicación S.A.	Chairman
Grupo Editorial Tele 5, S.A.U.	Exploitation of rights; production, and distribution of publications	Company employee	Mediaset España Comunicación S.A.	Chairman
Telecinco Cinema, S.A.U.	Television broadcasting services and intermediation in the markets for audiovisual rights	Company employee	Mediaset España Comunicación S.A.	Chairman

(*) Mr. Paolo Vasile was the CEO of Publiespaña, S.A.U. until November 21, 2012.

Mr. 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
Publiespaña, S.A.U. (*)	Advertising agency	Self-employed	-	Board member

(*) Mr. Giuliano Adreani was the CEO of Publiespaña, S.A.U. until November 21, 2012.

Mr. 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

(*) Mr. Pier Silvio Berlusconi was the CEO of Publiespaña, S.A.U. until November 21, 2012.

Mr. 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

(*) Mr. Fedele Confalonieri was the CEO of Publiespaña, S.A.U. until November 21, 2012.

Mr. 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.	Chairman/Managing Director

Mr. 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	-	Managing Director

Mr. Manuel Polanco Moreno

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

Mr. Massimo Musolino

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	Company employee	Mediaset España Comunicación, S.A.	Board member
DTS Distribuidora de Televisión Digital, S.A.	Indirect management of public pay TV service	Company employee	Mediaset España Comunicación, S.A.	Vice Chairman
Conecta 5 Telecinco , S.A.U.	Exploitation of audiovisual content on the Internet	Company employee	Mediaset España Comunicación, S.A.	Board member
Grupo Editorial Tele 5, S.A.U.	Exploitation of rights; production, and distribution of publications	Company employee	Mediaset España Comunicación, S.A.	Managing Director
Telecinco Cinema, S.A.U	Television broadcasting services and intermediation in the markets for audiovisual rights	Company employee	Mediaset España Comunicación, S.A.	Managing Director
Mediacinco Cartera, S.L.	Financial investments	Company employee	Mediaset España Comunicación, S.A.	Chairman/Managing Director
Premiere Megaplex, S.A.	Gaming and betting activities	Company employee	Mediaset España Comunicación, S.A.	Chairman/Managing Director

(*) Mr. Massimo Musolino was the CEO of Publiespaña, S.A.U. until November 21, 2012.

Mr. 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	-	-	Managing Director and Chairman of Executive Committee

(*) At December 31, 2012, Mr. Juan Luis Cebrián no longer held any positions, although he was a Director during a portion of 2012.

In accordance with the above, we hereby state that José Ramón Álvarez Rendueles, Angel Durández Adeva, Alfredo Messina, Borja de Prado Eulate and 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 Mediaset España Comunicación, S.A.'s corporate purpose.

25.3 Compensation 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)	
2012	**2011**	**2012**	**2011**
22	23	7,970	6,820

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, 2012 and 2011, the Company recognized a provision that represents its best estimate at that date based on a conservative forecast.

In 2012, management was not assigned share options. A total of 474,600 options were granted to senior executives in 2011 for 141 thousand euros recognized under "Employee benefits expense."

26 Significant events after the reporting date

At December 31, 2012, test broadcasting had begun by the new channel, "9," which is part of the Cuatro multiplex. After the year end, this channel was broadcasting normally.

THE SPANISH ECONOMY IN 2012

Data on the Spanish economy available at the date of authorization for issue of these financial statements indicates that, without a doubt, last year was one of worst since the global economic crisis began five years ago. The prolonged recession has hit our production model hard since 2008, which is indicative of the daunting economic environment in which we competed economically during 2012.

Viewed from a global perspective, from the start of 2012 it became clear that the hoped-for economic recovery was still not imminent; in fact, it soon became clear that the Chinese economy was showing signs of slowing down when compared to its previous high growth rates. Other developed economies were still far from getting back on the road to long-lasting growth for two main reasons: the US did not meet growth rates projected during the final quarter of 2011, while the dire situation of the European economy was pulled further down by peripheral countries which entered into a recession the first part of 2012.

Since then, all these economies (excepting China, whose growth seems to have received a push in recent months) have worsened, to the extent that the German and US GDPs, traditionally the motor of the global economy, entered into the red towards the end of the year. This panorama excludes Latin America: although in 2012 certain countries did not grow as much as projected (no doubt due to the fact their economies are warming up), the forecasted overall GDP is under 3%, which, while not exactly spectacular, can be considered sound.

Data for Spain available at the at the date of authorization for issue of these financial statements indicate that the GDP fell 1.8% overall during the year: it is quite significant that the fourth quarter was the year's worst (-0.7%), which seems to corroborate that the end is not in sight, and that some time will have to pass until the recession ends and the economy begins to reflect growth, however slight. Evidently, the contraction of the GDP during the year has led to an intense destruction of jobs, causing unemployment to reach 26.1% of the current active population at the date of preparation of these financial statements; thus, approximately 5 million people are unemployed.

Austerity measures (which were nearly inevitable) instrumented by the government were a leading cause of the contraction of the Spanish economy during 2012; they have had a significant impact on internal demand as well as private consumption. These measures include: a rise in Personal Income Tax at the beginning of the year, increase VAT as of September 1, as well as other austerity initiatives having an impact on the expenditures and investments made by public administrations.

Economic forecasts for 2013 indicate that the economy will remain stagnant, as certain key public and private sector employment adjustments will still be pending, which will have the inevitable effect on internal demand that has been greatly affected by shrinking public budgets. However, as of the third quarter of the year, a weak growth might be noted once all the current economic adjustments underway have begun to take effect.

The huge efforts and sacrifices made regarding economic policies as well as the restructuring of important sectors, especially the financial, have led to improved productivity as well as a reversal of Spain's trade deficit; thus, at the end of 2012, it reached a balance and headed towards a surplus. Net capital flow during the first part of 2012 was fluid, to then reverse during the second half, demonstrating the increasing confidence of foreign investors in the Spanish economy. This has pushed risk premiums for Spanish public debt downwards, with a public and private degearing process which is crucial, and without which it would not be possible to get back on the road to recovery. Against this backdrop, encouraging news has begun to emerge regarding financial markets as well as Spain's competitive edge, but has yet to influence the economy's flow of credit in reasonable quantities and conditions making it possible to guarantee that economic agents will able to obtain necessary financing when conditions make it possible to do so.

THE TELEVISION INDUSTRY IN 2012: LEADING DURING TROUBLED TIMES

As explained in the Management Report corresponding to the interim consolidated financial statements for for the first half of 2012, last year, TV advertising was greatly influenced by the second phase of the recession, which began at the beginning of 2011, effectively dashing any hopes of economic recovery which had been in the air due to the brief upturn during 2010.

As mentioned previously, the economic policies implemented during the year have had a direct effect on the disposable income of families: the severe destruction of employment and its psychological impact on consumers, including those with job security, has forced private consumption below the GDP, as well as causing very harsh cuts in budgets devoted to television advertising, leading to a very pronounced drop in income from TV ads which has affected the entire sector.

Data available at the date of preparation of these financial statements (pending confirmation by Kantar Media) estimates that the TV advertising market plummeted 18.5% in 2012, confirming it as the second worst year of the crisis after 2009. The overall TV sector has lost over 50% of its invoicing since its record during 2007, mainly as a result of the steep drop in sales prices over recent years.

In 2012, Mediaset España has employed a strategy aimed at bolstering its position as sector leader (45.3% at year end), ensuring balanced operation of channels according to market conditions, and optimizing income from sporting events (most notably the UEFA European Football Championship, won by Spain, as well as the Moto GP Championship, which the Group recently acquired the rights to); this has enabled it to increase market share during the year.

Turning to audience figures, after the integration of Cuatro in 2011 and the launch of the new “Divinity” channel the same year, the Group moved forward with its diversification and complementation strategies by launching "Energy" in 2012, which mainly addresses the male population via the sporting events to which the Group bought the rights, as well as content specifically acquired for the channel. Thus, along with its more consolidated channels, such as Factoría de Ficción, La Siete, and Boing, and its driving force, Telecinco, the Company has managed to consolidate the overall audience of its family of channels as well as each of them individually. It has avoided cannibalization within an environment in which TV consumption has reached its maximum limits, despite a pervading economic crisis, and achieved a greater diversification and audience loyalty through segmentation.

To illustrate, data show Mediaset España was the overall leader in 2012, with a 28.1% share, 9.2 points ahead of RTVE and 2.3 ahead of Antena 3 (once the merger with La Sexta was completed). The Telecinco channel reached a 13.9% share in the year, 1.7 points ahead of RTVE's La Primera, while Cuatro's 6% share situated it 1.1 points ahead of La Sexta. Finally, as regards the newer-generation digital channels, those comprising the Mediaset España Group registered an 8.3% audience share, which is 9 points higher than its main competitor's group of channels, which attests to its unequivocal position at the head of the pack.

A comparison of the Company’s results in 2012 with those of 2011 indicate that:

- Total operating income decreased from 1,009,330 thousand euros in 2011 to 886,727 thousand euros in 2012, mainly as a result of decreased ad income.

- Operating expenses decreased from 844,801 thousand euros to 837,924 thousand euros, which is slight when viewed in overall terms, mainly the result of a reduction in general expenses, the most noteworthy of which are directly linked to the Company's legal commitments. These expenses include those related to sporting events (namely the 2012 Euro Cup Football Championship), which were compensated by savings from other television programs, as well as the magnificent audience share obtained during the year, as mentioned previously.

- Profit from operations amounted to 48,803 thousand euros, down from 164,529 thousand euros in 2011, leaving an operating margin (profit from operations/operating income) of 5.5% in 2012 compared to 16.3% in 2011. Given the high operational gearing inherent in the TV business, the decrease relates mainly to the downturn in the advertising market in the year.

- Lastly, profit for 2012 attributable to the parent amounted to 50,143 thousand euros, compared to 110,519 thousand euros in 2011.

DIVIDENDS

In 2012, the Group paid a total of 55,260 thousand euros of dividends.

INVESTMENT IN RIGHTS AND FILM PRODUCTION

The Mediaset España Group maintained its policy of investing in audiovisual broadcasting rights, 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. The Group placed special emphasis once again on investment in Spanish Series.

Worth highlighting were the activities undertaken by Telecinco Cinema, S.A., a wholly owned subsidiary of Mediaset España Comunicación, S.A. charged with film production under the legal requirement of TV concessionaires to earmark 3% 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, the Group 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 bearing in mind market conditions and the Group's financing capacity, as this obligation outweighs the revenues generated, regardless of the trend and without any consideration to costs incurred or margins commanded.

In short, the aim is to combine financial wherewithal, talent, profitability, and opportunities efficiently for our brightest and most promising professionals in order to maximize the return on investment -in light of global conditions, maximum importance is attached to this- considering that the activity is not voluntary, and to produce films that bring together quality and commercial appeal under the network's logo.

Without a doubt, 2012 was an extraordinary year for our film co-production activity: "The Impossible" broke the 40 million euro mark in Spain, and now ranks as the top-grossing Spanish film in history, and second in absolute terms right behind "Avatar," surpassing movies such as "Titanic," "The Lord of the Rings, or "Pirates of the Caribbean."

In international terms, the film has been sold all over the world and results until now have been very encouraging. The film as been present in international festivals, including the Toronto International Film Festival and the San Sebastian Film Festival, acclaimed by critics and public alike; it was nominated for 14 Goya awards, winning in five of these categories (including Best Director and Best Production Supervision), as well as for Oscar and Golden Globe awards in the category of Best Performance by an Actress in a Leading Role.

In 2012, "Tadeo Jones" was co-produced with an all-Spanish team; it is the most-watched Spanish animated film of all time as well as the biggest box office smash in this category, raking in 18 million euros in Spain, which is over Hollywood productions such as "Ice Age 4," "Brave," or "Madagascar 3." It was nominated for four Goyas, and won three, including Best Animated Film, Best Adapted Screenplay, and Best New Director. It is the Group's first animated movie, and is paving the way for new business opportunities in this regard.

Thanks to the above, the Group leads the national film production market by far, with a 56% share, which is even more significant when taking into consideration the challenging situation the sector faces due to the economic recession, as well as the impact of the VAT increase effected last September.

INTERNET

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

In 2012, the Group broke even in this segment.

According to OJD data, Telecinco was the television website with the highest traffic during the year. The Mediaset.es website also led communication groups operating in Spain.

The Group's MiTele website encompasses all its audiovisual content. It bolstered its contents while becoming more available through its specific areas devoted to film (movies in their original version, i.e., not dubbed) for children's programming.

TREASURY SHARES

At December 31, 2012, the Group held 6,419,259 of its own shares, representing 1.58% of share capital post capital increases.

MEDIASET ESPAÑA SHARE PRICE PERFORMANCE

Throughout 2012 the IBEX 35 Spanish blue chip index was in a slump, losing 4.7% overall during the year; however, until May 30 accumulated losses reached 30%, to strongly bounce back the remainder of the year thanks to the positive impact exerted on investor trust by the European Central Bank's defense of the European Monetary Union.

Spain's blue chip index performance during the year clearly reflected investors' negative perception of the Spanish economy, especially when compared to other areas, as all the key international markets (Dow Jones, DAX, CAC40, FTSE10, etc.) rose during the year.

Mediaset España's share price behaved positively in 2012, growing 15.4% overall, making it the index's eighth best performer during the year. At December 31, 2012, its quoted price rose to 5.09 euros.

Mediaset España's market capitalization was 2,071 million euros, situating it in first place, well ahead of its nearest competitors: it more than doubles the all the other Spanish companies in the sector as a group.

The volume of shares traded during the year rose to 477.4 million, equivalent to 2004.1 million euros, which is substantially lower than during 2011. This drop can basically be blamed on the prohibition of short-selling shares on the Spanish market imposed by the CNMV at the end of July until the end of the year.

Most notably, Mediaset España's share price reached a yearly high of 5.69 euros on December 19, with its minimum registered on May 9 (3.30 euros).

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 the Mediaset España Group in the field of corporate governance since 2006 are as follows:

Amendments of the rules governing the organization and operation of the main management bodies. Specifically, amendments have been made to 9 articles of the Company's bylaws, 4 articles in its The Company's Board members and 18 articles in the Regulations of the Board of Directors. In addition, the Company drafted an Internal Code of Conduct for Mediaset España Comunicación, 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 Mediaset España Group's efforts in 2009 were acknowledged by Observatorio de Responsabilidad Social Corporativa, a Spanish corporate social responsibility organization, which rated it 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.

The Mediaset Group is aware of the social impact of its actions. This awareness is all the more important at Mediaset 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. Under the auspices of the above initiative, Mediaset created its "You are perfect for someone else" campaign in collaboration with the a National Transplant Organization, aimed at encouraging organ donation in Spain. Thanks to the Company's widespread presence in Spanish homes, as well as the communication potential of its star presenters, over 170,000 donor cards were requested as a result of the campaign. This very well accepted and effective solidarity campaign led to Mediaset España Comunicación, S.A. winning seven awards, several of which are considered Spain's most prestigious.

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

HEDGING

The Group 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 Group 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 Mediaset 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 Mediaset is based on the COSO II (Committee of Sponsoring Organizations of the Treadway Comission) integrated framework for enterprise risk management.

Mediaset España Comunicación 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

Mediaset'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

The main events occurring between the end of the reporting period and the date of authorization for issue of the financial statements are those discussed in the related note to the financial statements.

CAPITAL STRUCTURE

The Company's share capital before the capital increases carried out to acquire Cuatro and 22% of Digital+ amounted to 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 0.50 euros each. As a result of the capital increases, the number of shares increased to 406,861,426 of 0.50 euros par value each, taking the total to 203,430,713 euros. 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.

Mediaset España Comunicación, SA has been a member of the IBEX 35 since January 3, 2005.

BUSINESS OUTLOOK

The Group's business is dependent on national private consumption, and as such, in 2013 will not be able to separate itself from the overall macroeconomic environment and related indicators. As discussed in this Management Report, despite the fact the there a reasonable expectations that towards the end of the year Spain will begin to experiment the first signs of economic recovery after nearly five years of a deep recession without precedent in recent decades, this is not to say that in 2013 (particularly during the first six months) basic economic indicators such as unemployment and consumption will not continue to be big concerns.

As regards free-to-air television, a sector in which the Group was pioneer and is still consolidating its presence, it should continue forging a strong presence based on a more rational use and transparency, making it more easily adaptable to the demands of the economy as well as the situations presenting themselves when expected recovery arrives.

Available data on TV consumption and its share of the total advertising income pie indicate that the sector has undergone a crisis brought on by the economic recession; however, structural factors remain solid.

Within this context of the concentration and consolidation of operators, the Company's business strategy will be focused on how to maintain its strong lead, in both terms of audience as well as advertising market, while being fully-adapted to the environment which affects cash generation as well as its cost structure, in order to protect its financial margins as well as foster growth once the economy makes it possible to do so.

As far as its programming lineup is concerned, the Company will continue to support genres which have traditionally been popular, thereby making it the indisputable leader of the market; it will also continue with its strategy of diversification, focusing on the different audience to which the family of channels is tailored. Also, it will endeavor to better position each channel in advertising terms, while remaining cognizant of sporting events which, in an increasingly-fragmented market, are very popular and attract large audiences. All this will take place with close supervision of acquisition costs and attention to advertising opportunities, which are key to obtaining economic benefits, as well as a relevant goal within our programming strategy and commercial operations.

A final first-line goal is to maintain a solid financial and equity position (while remaining virtually debt-free), thereby making it possible to objectively and independently consider operational and business opportunities as they arise within the context of the current ever-changing environment, while bolstering the Company's competitive edge in the face of the high financial leverage which affects the majority of the companies competing in its sector.

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 the “Significant event” notice filed by the Company with the National Securities Exchange Commission (CNMV) on February 8, 2011, reproduced below:

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 Mediaset España Comunicación, S.A., Prisa Televisión, S.A.U. ("Prisa Televisión") and Promotora de Informaciones, S.A. ("Prisa"), as listed and described in Mediaset España Comunicación, S.A. Prospectus approved and registered by the National Securities Market dated November 18, 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 November 18, 2010, Prisa TV (formerly Sogecable) is entitled to appoint two of the eight members of the Board of Directors of Mediaset España Comunicación, S.A. and will be entitled to appoint one director for as long as it holds a minimum of 5% of Mediaset España Comunicación’s share capital. In addition, whilst Prisa TV holds 10% of Mediaset España Comunicación’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 S.p.A. 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) *<u>Mediaset España Comunicación, S.A. Government</u>*

Following the integration, when it becomes effective, Prisa Televisión, S.A. will have a proportional representation on the board of *Mediaset España Comunicación, S.A. and in particular, the following rights in relation to corporate governance of Mediaset España Comunicación, S.A.:*

(i) *Prisa Televisión, S.A. has the right to appoint two of the 15 members that make up the Board of Directors of Mediaset España Comunicación, S.A. (and without prejudice to said right of Prisa Televisión, S.A., the directors appointed by Mediaset España Comunicación, S.A. will be reduced to eight);*

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

(iii) *the extent to which Prisa Televisión, S.A. maintains a share of at least 5% of the share capital of Mediaset España Comunicación, S.A., Prisa Televisión, S.A. has the right to retain one board member, and*

(iv) *while Prisa Televisión, S.A. has an ownership interest in more than 10% of the share capital of Mediaset España Comunicación, S.A., Prisa Televisión, S.A. has the right to appoint, among its representatives on the board of Mediaset España Comunicación, S.A.,*

- *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. <u>Option Agreement</u>

Pursuant to clause 4.4 of the Option Agreement and as described in the Prospectus, Prisa TV has committed to the Company not to transfer the New Mediaset España Comunicación's shares subscribed in exchange of the contribution of Sociedad General de Televisión Cuatro, SAU (representing 17.336% of the Mediaset España Comunicación's share capital after the adjustment contractually agreed in the deal), shares that, for this purpose, have been pledged in favour of Mediaset España Comunicación, S.A.

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 Mediaset España Comunicación, S.A. 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, clause 4.4 of the Option Agreement:

4.4. *<u>Prohibition of disposal of New Shares and Participation Mediaset España Comunicación, S.A.</u>*

Prisa Televisión, S.A. agrees not to offer, sell, convey any title, neither directly nor indirectly to place any liens and encumbrances on, the New Mediaset España Comunicación’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) Authorization 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 organization and functions.

h) Authorization 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 13,000,000 euros.

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

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 Mediaset España 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) Authorization, following a favourable report of the Audit and Compliance Committee, of the related-party transactions that Mediaset España Comunicación, S.A. 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 Mediaset España Comunicación'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.

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 Mediaset España Comunicación, 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:

a) Directly by the Company or by other Telecinco Group companies.

b) Indirectly, through third parties with an explicit or implicit mandate.

c) By third parties without a mandate but acting to the same end.

9.2. *Policy on treasury shares*

Within the scope of the authorization 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.

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.

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 04/24/02 and 12/31/07: 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).