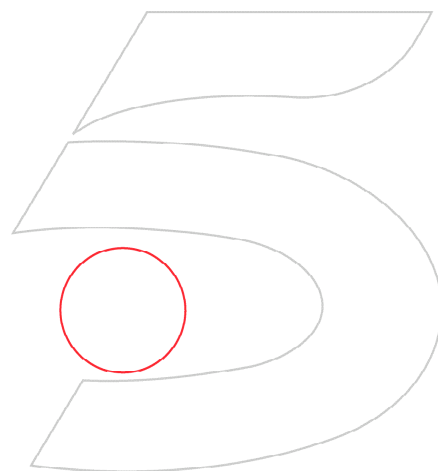


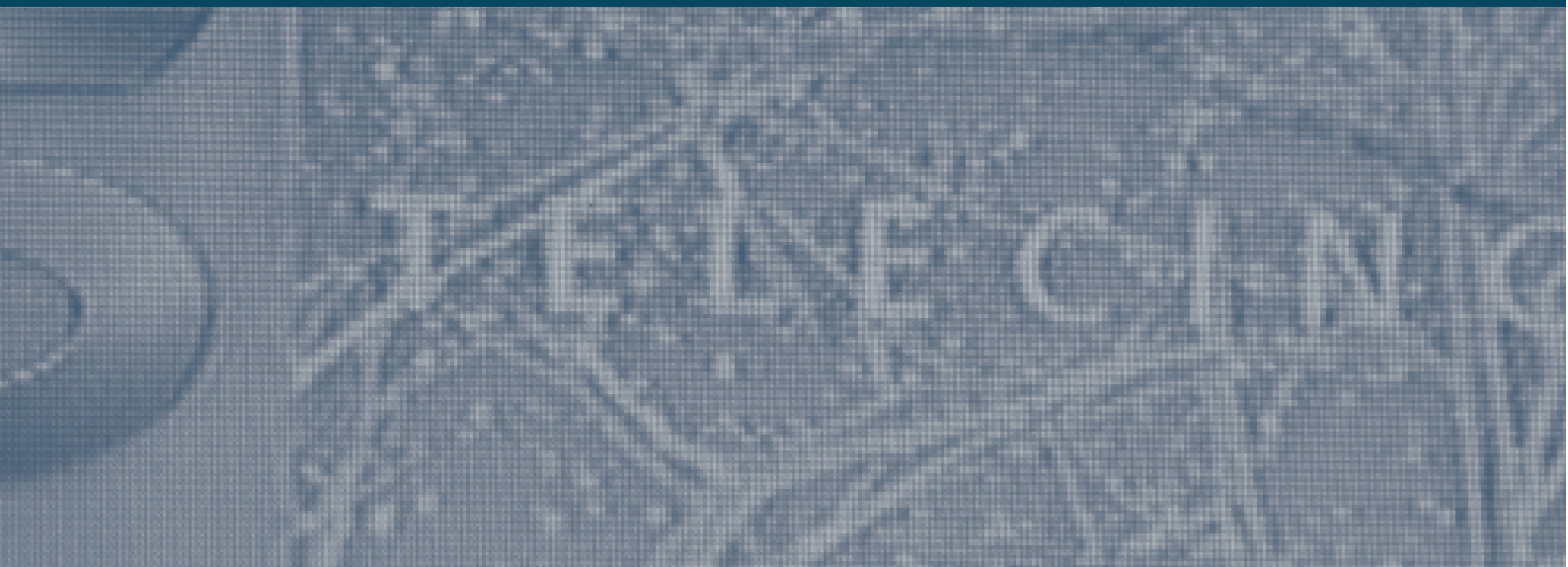
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Index

5	MANAGEMENT STRUCTURE
7	GESTEVISIÓN TELECINCO, S.A. AND SUBSIDIARIES
9	ANNUAL ACCOUNTS
10	CONSOLIDATED BALANCE SHEET
12	CONSOLIDATED PROFIT AND LOSS STATEMENTS
14	NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
58	MANAGEMENT REPORT
67	GESTEVISIÓN TELECINCO, S.A.
69	ANNUAL ACCOUNTS
70	BALANCE SHEET
72	PROFIT AND LOSS ACCOUNT
74	NOTES TO THE ANNUAL FINANCIAL STATEMENTS
108	MANAGEMENT REPORT
117	CORPORATE GOVERNANCE REPORT



Management Structure

Board of Directors

Alejandro Echevarría Busquet, *Chairman*

Paolo Vasile, *Managing Director*

Giuseppe Tringali, *Managing Director*

Giuliano Adreani, *Director*

Pier Silvio Berlusconi, *Director*

Fedele Confalonieri, *Director*

Marco Giordani, *Director*

Alfredo Messina, *Director*

Jose Maria Bergareche Busquet, *Director*

Jose Ramón Álvarez Rendueles, *Director*

Angel Durandez Adeva, *Director*

Miguel Iraburu Elizondo, *Director*

Borja De Prado Eulate, *Director*

Mario Rodríguez, *Secretary not a Director*

Executive Committee

Alejandro Echevarría Busquet, *Chairman*

Fedele Confalonieri

Giuliano Adreani

Jose Maria Bergareche Busquet

Paolo Vasile

Giuseppe Tringali

Miguel Iraburu Elizondo

Mario Rodríguez, *Secretary not a Director*

Audit and Compliance Committee

Angel Durandez Adeva, *Chairman*

Fedele Confalonieri

Giuliano Adreani

Jose Maria Bergareche Busquet

Marco Giordani

Alfredo Messina

Mario Rodríguez Valderas, *Secretary not a Director*

Appointments and Remuneration Committee

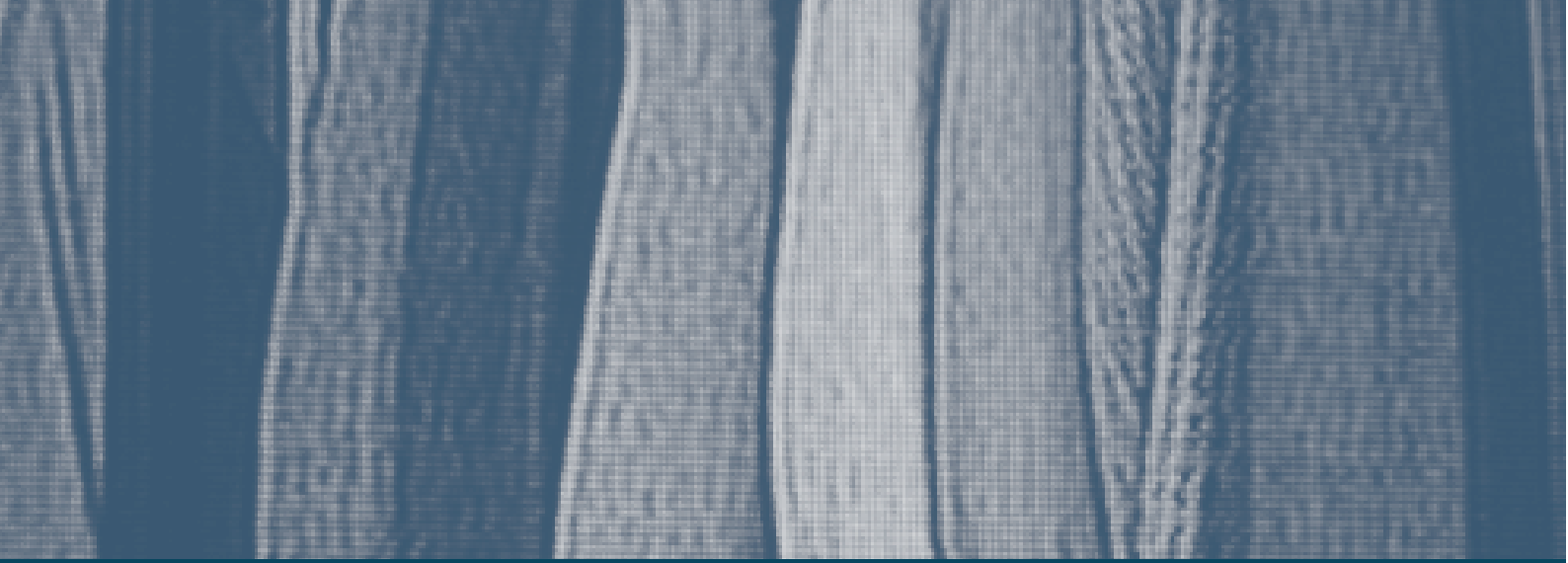
Miguel Iraburu Elizondo, *Chairman*

Fedele Confalonieri

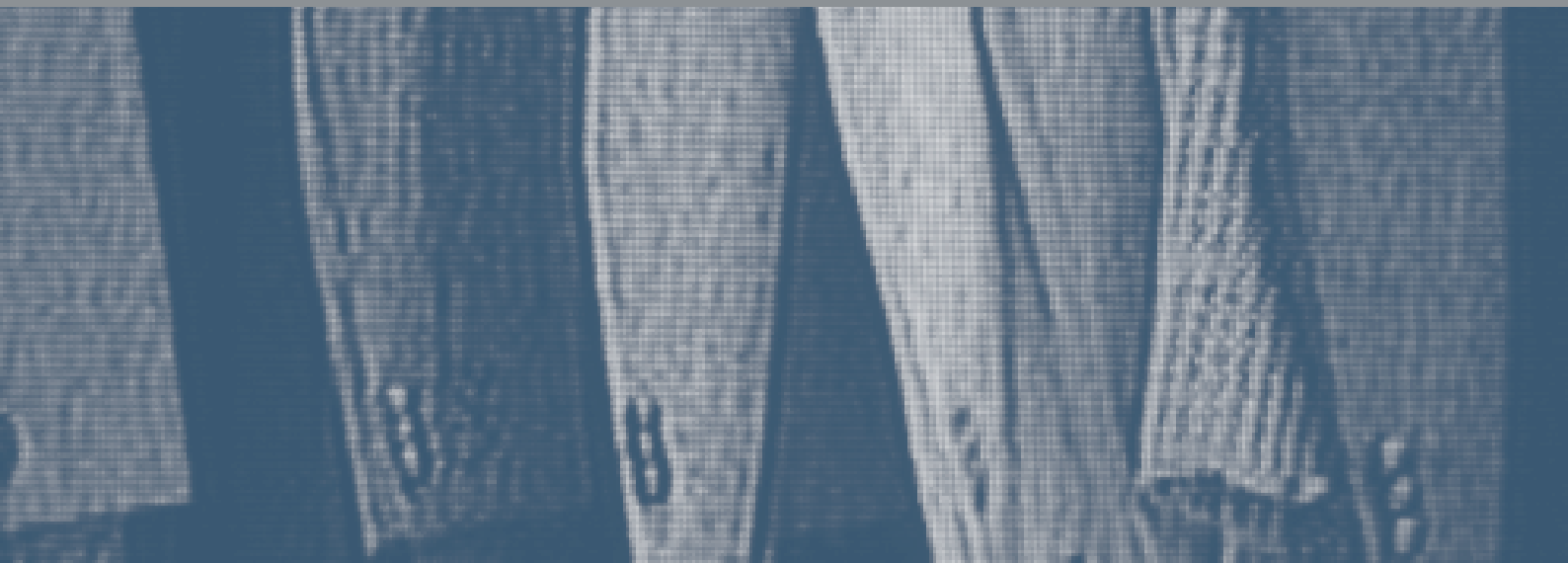
Giuliano Adreani

Jose Maria Bergareche Busquet

Mario Rodríguez Valderas, *Secretary not a Director*



**Gestevisión Telecinco, S.A.
and Subsidiaries**
Consolidated financial statements
and management report
as of 31 December 2004



Auditors' Report on Consolidated Financial Statements

Deloitte.

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Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain. In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Gestevisión Telecinco, S.A.:

1. We have audited the consolidated financial statements of Gestevisión Telecinco, S.A. comprising the consolidated balance sheet as of December 31, 2004, and the related consolidated statement of income and notes to consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Parent Company's directors. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the documentation supporting the consolidated financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made.
2. As required by Spanish corporate law, for comparison purposes the directors present, in addition to the 2004 figures for each item in the consolidated balance sheet and consolidated statement of income, the figures for 2003. Our opinion refers only to the 2004 consolidated financial statements. Our auditors' report dated March 18, 2004, on the 2003 consolidated financial statements contained an unqualified opinion.
3. In our opinion, the consolidated financial statements for 2004 referred to above present, in all material respects, a true and fair view of the consolidated net worth and consolidated financial position of Gestevisión Telecinco, S.A. as of December 31, 2004, and of the consolidated results of its operations in the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards applied on a basis consistent with that of the preceding year.
4. The accompanying consolidated management report for 2004 contains the explanations which the directors consider appropriate about the situation of the Companies, the evolution of their business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated management report is consistent with that contained in the consolidated financial statements for 2004. Our work as auditors was confined to checking the consolidated management report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the Parent Company and of the Subsidiaries.

DELOITTE
Registered in ROAC under no. S0692



Antonio Rueda

March 2, 2005

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with general accounting principles in Spain (see Note 2 c). In the event of a discrepancy, the Spanish-language prevails.

Consolidated Balance Sheet

as of 31 december 2004 and 31 december 2003

ASSETS (Thousands of euros)	31/12/2004	31/12/2003
FIXED ASSETS		
Start-up expenses	109	30
Intangible assets (Note 5)	231,140	250,140
Cost	1,044,191	965,863
Accumulated amortisation	(813,051)	(715,723)
Property and equipment (Note 6)	58,437	60,668
Cost	155,509	152,029
Accumulated depreciation	(97,072)	(91,361)
Long term investments (Note 7)	6,805	6,979
Treasury shares (Note 11)	114	-
TOTAL FIXED ASSETS	296,605	317,817
Deferred expenses	-	1
CURRENT ASSETS		
Inventories (Note 8)	172	189
Receivables		
Trade receivables for services provided	185,560	21,164
Trade receivables from related companies (Note 14)	1,086	119,344
Sundry accounts receivable	1,212	12
Employee receivables	239	150
Receivables from public authorities (Note 15)	6,354	3,310
Short term prepaid taxes (Note 15)	3,127	2,741
Provisions	(13,099)	(3,954)
	184,479	142,767
Current investments		
Short term securities and deposits (Note 9)	247,027	254,295
Cash	2,357	680
Accrual accounts	2,562	2,577
TOTAL CURRENT ASSETS	436,597	400,508
TOTAL ASSETS	733,202	718,326

Consolidated Balance Sheet

as of 31 december 2004 and 31 december 2003

LIABILITIES (Thousands of euros)	31/12/2004	31/12/2003
SHAREHOLDERS' EQUITY (Note 11)		
Capital stock	123,321	92,521
Paid in capital	37,023	-
Reserves of treasury shares	114	-
Reserves of parent company	96,122	229,943
Reserves at fully consolidated companies	6,394	2,839
Reserves at companies accounted for by the equity method	(2,819)	(3,018)
Retained earnings	203,973	85,896
TOTAL SHAREHOLDERS' EQUITY	464,128	408,181
Minority interests	355	336
Provisions for contingencies and expenses (Note 12)	62,453	40,023
Long term debt		
Long term guarantees	6	4
Other payables (Note 13)	3,914	3,217
Pending share payments (Note 7)	571	571
TOTAL LONG TERM DEBT	4,491	3,792
Current liabilities		
Payable to associated companies (Note 14)	2,155	127,878
Payables		
Accounts payable for purchases and services	85,650	79,436
Other non-trade payables		
Payables for grants and other loans	1,132	195
Payable to public authorities (Note 15)	28,133	12,789
Payables for fixed asset acquisitions	40,605	37,230
Compensation payables	10,257	4,833
Other payables	986	2,364
Provision for operating payables (Note 13)	31,660	575
Accrual accounts	1,197	694
TOTAL CURRENT LIABILITIES	201,775	265,994
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	733,202	718,326

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with general accounting principles in Spain (see Note 2 c). In the event of a discrepancy, the Spanish-language prevails.

Consolidated Profit and Loss Statements for the Fiscal Years

ended 31 december of 2004 and 2003

EXPENSES (Thousands of euros)	2004	2003
Decrease in finished goods and work-in-progress	49	163
Procurements	110,806	88,230
Personnel expenses (Note 19.5)		
Wages and salaries	57,947	45,785
Employee welfare expenses	13,332	10,676
Depreciation and amortisation expense	169,904	190,150
Variation in operating allowances (Note 19.6)	(545)	717
Other operating expenses	140,349	113,752
Total operating expenses	491,842	449,473
Operating income	289,715	125,018
Financial expenses		
On debt to third parties and associated companies	1,141	2,775
Exchange losses	633	2,852
Interest income	4,746	2,431
Losses at companies accounted for by the equity method	468	707
Goodwill amortisation	-	2,580
Income from ordinary activities	295,109	124,689
Extraordinary losses		
Losses on intangible, tangible fixed assets and control portfolio	1,046	4,694
Extraordinary expenses (Note 19.7)	22,450	6,284
Income before taxes	283,731	115,526
Corporate income tax (Note 16)	79,738	29,423
Income from minority interests	20	207
Net income for the year	203,973	85,896

Consolidated Profit and Loss Statements for the Fiscal Years

ended 31 december of 2004 and 2003

REVENUES (Thousands of euros)	2004	2003
Net revenues (Nota 19.1)	753,642	548,045
Sales	763,090	530,386
Discounts and rebates	(37,452)	-
Services rendered	28,004	17,659
Capitalised expenses of in-house work on fixed assets	14,731	10,749
Other operating revenues		
Non-core revenues	12,766	14,937
Overprovision for contingencies and expenses	418	760
Total operating revenues	781,557	574,491
Financial revenues		
From third parties and associated companies	6,106	4,480
Exchange gains	414	3,578
Income from companies accounted for by the equity method	1,116	527
Extraordinary income		
Income from trading in treasury shares	33	-
Gains on fixed asset disposals	1,986	269
Extraordinary income	10,099	1,546
Extraordinary losses, net	11,378	9,163

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with general accounting principles in Spain (see Note 2 c). In the event of a discrepancy, the Spanish-language prevails.

Notes to the consolidated annual accounts for the year ended 31 december 2004 (Figures in thousands of euros)

1. Corporate purpose of the companies belonging to the Grupo Gestevisión Telecinco, S.A.

GESTEVISIÓN TELECINCO, S.A. – PARENT COMPANY

Gestevisión, S.A. was incorporated in Madrid on 10 March 1989. Its registered offices are located on the Carretera de Irún, Km. 11.7, 28049 Madrid.

The Company's corporate purpose is the indirect management of public service television in accordance with the terms stipulated in the concession granted by the State, by virtue of the resolution passed on 28 August 1989 by the General Secretariat of Communications, and in the concession contract executed by public deed on 3 October 1989, as well as carrying out all logical and related activities resulting from the operation of said concession.

On 10 March 2000, the Spanish Cabinet agreed to renew the concession for a further 10 years. On the same date, said agreement was officially recognised by the General Secretariat of Communications and published in the Official State Gazette (BOE) on 11 March 2000.

The Company has an indefinite duration in accordance with Article 4 of its by-laws.

The Company was listed on the stock exchange on 24 June 2004.

SUBSIDIARIES

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

Grupo Editorial Tele 5, S.A.U.

Grupo Editorial Tele 5, S.A.U. was incorporated in Madrid on 10 July 1991 and its headquarters are located on the Carretera de Irún, Km. 11.7, Madrid.

Its corporate purpose is to carry out, *inter alia*, the following activities which are complementary to operating a television channel: the acquisition and exploitation of both phonograms and audiovisual recording rights, artistic representation, concert promotion and the publishing, production, distribution and marketing of related publications and graphic materials.

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

Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U. was founded in Madrid on 21 January 1998. Its headquarters offices are located on the Carretera de Irún, Km. 11.7.

Its corporate purpose is that of a news agency, and it carries out journalistic activities for all news media, be it social, print, radio, television or in general, audiovisual. It also produces, records, edits and carries out whatever other activities are required to broadcast news programs in any format, and more generally, audiovisual programming.

15

Estudios Picasso Fábrica de Ficción, S.A.U.

Dígitel 5, S.A.U. was founded in Madrid on 23 September 1996. Its headquarters are located on the Carretera de Irún, Km. 11.7, Madrid.

In November 1999, it changed its registered business name from Dígitel 5, S.A.U. to Estudios Picasso Fábrica de Ficción, S.A.U.

Today its corporate purpose is to participate in any form in the creation, production, distribution or any other operating activity related to fiction, animation or documentary audiovisual programs. It provides telecommunications services in all form and through all media, directly or indirectly, in-house or to third parties.

Digitel 5 Media, S.A.U.

Digitel 5 Media, S.A.U. was founded in Madrid in December 2000. Its headquarters are located on the Carretera de Irún, Km. 11,700, Madrid. The company has yet to commence operations.

Publiespaña, S.A.U.

Publiespaña, S.A.U. was incorporated on 3 November 1988. Its headquarters are located on the Carretera de Irún, Km. 11.7, Madrid.

The company was undertake the following activities:

- Carrying out and executing advertising projects and all tasks related to the commissioning, intermediation and dissemination of advertising messages in all forms and through all advertising or communications media.
- Carrying out activities related, directly or indirectly, to marketing, merchandising, telesales or any other commercial activities.
- Organisation and production of cultural, sporting, music or other events, as well as the acquisition and exploitation of all kinds of associated rights.
- Provision of advisory, research and management services in connection with any procedure related to the aforementioned activities.
- These activities may be performed indirectly by the company, fully or partially via its shareholdings in companies with similar strategic objectives.

Cinematext Media, S.A. (60% owned)

Cinematext Media, S.A. was incorporated in Madrid on 1 December 2000. Its headquarters were initially located in the Madrid suburb of Majadahonda at Calle Benavente, 5, Bajo Izquierda. At the extraordinary shareholders' meeting on 1 December 2000, the decision was taken to move the corporate headquarters to the Carretera de Irún, Km. 11.7, Madrid.

The company's business consists of providing subtitling services for the cinema, video and television industries.

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

Atlas Media, S.A.U.

Agencia de Televisión Latino-Americana de Servicios y Noticias Cataluña, S.A.U. was set up on 22 December 1997. Its headquarters are located at Sant Just Desvern, Calle Bullidor s/n.

On 28 May 2004, the company's sole shareholder decided to change the company's corporate name to Atlas Media, S.A.U.

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

Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U. was founded in Bilbao on 16 July 1998. Its headquarters are located in Bilbao on Ribera de Elorrieta, pab. 7-9, Bizkaia.

Both companies are active in the news agency business, carrying out journalistic activities for any news media, be it social, print, radio, television or in general, audiovisual.

Mi Cartera Media S.A.U.

Mi Cartera Media, S.A.U. was founded in Madrid on 15 February 2001. Its headquarters are located on the Carretera de Irún, Km. 11.7.

This company is in the business of producing multimedia content and formats in the fields of economics and finance.

Changes during the fiscal year

As of 1 April 2004, Gestevisión Telecinco, S.A. (0.01% stake in each company) and Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U sold their direct stakes in Agencia de Televisión Latino-Americana de Servicios y Noticias Levante, S.A.U., Agencia de Televisión Latino-Americana de Servicios y Noticias Galicia, S.A.U. and Agencia de Televisión Latino-Americana de Servicios y Noticias Andalucía, S.A.U. to Agencia de Televisión Latino-Americana de Servicios y Noticias Cataluña, S.A.U. This acquisition was carried out at these companies' net book value as of 31 December 2003.

On 26 July 2004, the merger of Agencia de Televisión Latino-Americana de Servicios y Noticias Galicia, S.A.U., Agencia de Televisión Latino-Americana de Servicios y Noticias Andalucía, S.A.U. y Agencia de Televisión Latino-Americana de Servicios y Noticias Levante, S.A.U., on the one hand, into Agencia de Televisión Latino-Americana de Servicios y Noticias Cataluña, S.A.U., on the other, was formalised and the latter changed its name to Atlas Media, S.A.U. The administrative bodies of the companies involved drafted and jointly signed the merger agreement on 28 May 2004. The dissolved companies' operations are considered to have been taken over and carried out by Atlas Media, S.A.U. on 1 January 2004.

Fully consolidated subsidiaries (100%-owned Publiespaña, S.A.U.)

Publimedia Gestión, S.A.U.

Publimedia Gestión, S.A.U. was founded in Madrid on 23 November 1999. Its headquarters are located on the Carretera de Irún, Km. 11.7, Madrid.

The company was founded to carry out the following activities:

- The creation, acquisition, production, co-production, editing, filming or recording, reproduction, broadcasting, circulation, distribution, marketing and any other activities related to audiovisual recordings or programs, written or news, as well as in connection with related program rights.
- Carrying out and executing advertising projects and all tasks related to commissioning, intermediating and distributing advertising messages in all advertising and communications media.
- The direct or indirect creation, acquisition, marketing and any related activities in connection with brands, patents and any other intellectual property or image rights, including any objects, models or methods which are likely to be the subject of the above mentioned rights.
- Carrying out activities related, directly or indirectly, to marketing, merchandising or any other commercial activities.
- Organisation and production of cultural, sporting, music or other events, as well as the acquisition and exploitation of all kinds of associated rights.
- Provision of advisory, analytical and management services in connection with any procedure related to the aforementioned activities.

Advanced Media, S.A.U.

Advanced Media, S.A.U. was founded in Madrid on 7 October 1999. Its headquarters are located on the Carretera de Irún, Km. 11.7, Madrid.

The company was founded to carry out the following activities:

- Publication, production and publication in all formats of books, newspapers, magazines and any kind of printed matter.
- Carrying out and executing advertising projects and all tasks related to the commissioning, intermediation and dissemination of advertising messages in any of its possible formats.
- Carrying out activities related to marketing merchandising and any other commercial activities.
- Production of audiovisual programs and intermediation in the intellectual property and any other type of industrial rights markets.

This company has been inactive since 1 January 2004 when all its assets and liabilities were transferred to Publimedia Gestión S.A.U.

Publiespaña 2000, S.L.

Publiespaña 2000, S.L. was founded in Madrid on 2 December 2002. Its headquarters are located on the Carretera de Irún, Km. 11.7, Madrid.

Its corporate purpose is the same as that of the parent company.

This company has been dormant since incorporation.

The fiscal year end for all these companies is 31 December.

Given the nature of their business activities, neither the parent company nor its subsidiaries have environmental responsibilities, expenses, assets, provisions or contingencies which could have a material impact on their net worth, financial situation or operating results. As a result, the following notes to the financial statements do not include specific disclosures regarding environmental matters.

Associated Companies of Gestevisión Telecinco S.A.

Companies accounted for by the equity method since the Group does not control or manage them.

Company	Direct Group Shareholding (%)	Indirect Shareholding (%)	Business	Shareholder
Premiere Megaplex, S.A. C/ Enrique Jardiel Poncela, 4 28016 Madrid	50	-	Cinema management	Gestevisión Telecinco, S.A.
Multipark Madrid, S.A. c/ Sagasta 11, 1º 28004 Madrid	35	-	Provision of cable telecommunications services Production and sale of audiovisual rights	Gestevisión Telecinco, S.A.
Canal Factoría de Ficción, S.A. C/ de Irún Km 12,450 28049 Madrid	40	-	Production, distribution and sale of audiovisual rights in any format	Gestevisión Telecinco, S.A.
Europortal Jumpy España, S.A. C/ María Tubau, 3 28050 Madrid	50	-	Internet services	Gestevisión Telecinco, S.A.
Aprok Imagen S.L. C/ Martínez Corrochano, 3 28007 Madrid	-	40	News agency	ATLAS España, S.A.U.
Publieci Televisión, S.A. C/ Hermosilla, 112 28009 Madrid	-	50	Sale of products and services targeted at the end customer	Publiespaña, S.A.U.

These companies are carried in the Group's accounts under the equity method since it is not the controlling shareholder and nor does it exercise management control.

None of these subsidiaries are publicly listed.

2. Basis of presentation of the consolidated financial statements

a) True and fair view

The consolidated annual financial statements were prepared from the accounting records of Gestevisión Telecinco S.A. and its subsidiaries. The accounting legislation currently in force was applied with a view to providing a true and fair view of the Group's net worth, financial position and results of operations.

At the time of preparing these consolidated accounts, the unconsolidated accounts were still pending shareholder approval, although they are expected to be approved without any material impact on the annual consolidated accounts.

Balances and transactions between Group subsidiaries were eliminated as part of this process.

b) Changes in the consolidation perimeter

As detailed in Note 11, as of 1 April 2004, Publiespaña S.A.U. and its subsidiaries were integrated into Grupo Telecinco, so that the attached consolidated profit and loss statement reflects Grupo Publiespaña's operations for the period between April and December 2004. The integration led to a decrease in total consolidated assets of 949,900 thousand and an increase in consolidated net revenues and net profit of €74,496 thousand and €9,986 thousand, respectively.

In order to provide financial information for the combined entity (Grupo Telecinco and its subsidiaries and Publiespaña and its subsidiaries) which is comparable with the combined financial statements provided in the Gestevisión Telecinco Offering Memorandum in connection with its IPO, below we show a pro forma combined profit and loss statement for the twelve months ended 31 December 2004:

c) Explanation added for translation to English

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

(Thousands of euros)	Consolidated Grupo Gestevisión Jan-Dec.	Group contribution by Publiespaña, S.A.U. Jan-Mar 2004	Combined Grupo Telecinco as of 31.12.04
Total operating revenues	781,557	23,052	804,609
Procurements	110,855	1,571	112,426
Personnel expenses	71,279	3,038	74,317
Depreciation and amortisation expense	169,904	101	170,005
Variation in operating allowances	(545)	50	(495)
Other operating expenses	140,349	913	141,262
Total operating expenses	491,842	5,673	497,515
Operating income	289,715	17,379	307,094
Interest income, net	4,746	661	5,407
Income from companies accounted for by the equity method	648	167	815
Income from ordinary activities	295,109	18,207	313,316
Extraordinary losses, net	(11,378)	(50)	(11,428)
Income before taxes	283,731	18,157	301,888
Income from minority interests	(20)	-	(20)
Corporate income tax	(79,738)	(6,213)	(85,951)
Net profit	203,973	11,944	215,917

The table above is included information purposes only to provide additional clarity and transparency in relation to the consolidated annual financial statements for the year ended 31 December 2004 and to enable a follow-up of performance compared to the financial information included in the Gestevisión Telecinco IPO Offering Memorandum, and finally to provide additional financial information to the market and the CNMV.

For information purposes, in the following table we provide a comparison with combined financial information for fiscal year 2003:

(Thousands of euros)	Combined Grupo Telecinco a 31.12.04	Combined Grupo Telecinco a 31.12.03
Total operating revenues	804,609	653,983
Procurements	112,426	98,748
Personnel expenses	74,317	67,704
Depreciation and amortisation expense	170,005	190,540
Variation in operating allowances	(495)	660
Other operating expenses	141,262	119,095
Total operating expenses	497,515	476,747
Operating income	307,094	177,236
Interest income, net	5,407	4,824
Income from companies accounted for by the equity method	815	(2,128)
Income from ordinary activities	313,316	179,932
Extraordinary losses, net	(11,428)	(8,904)
Income before taxes	301,888	171,028
Income from minority interests	(20)	2
Corporate income tax	(85,951)	(48,401)
Net profit	215,917	122,629

During 2004, the parent company sold its stake in GSMBOX España, S.A., in which it held 45%, and was accordingly accounted for by the equity method in previous fiscal years. It was sold to a non-Group company.

c) Basis of comparison

For comparative purposes, figures for fiscal year 2003 are presented alongside figures for fiscal year 2004 in the balance sheet and profit and loss statement.

2004 figures are not comparable with those of 2003 because of the reasons outlined in Note 2b.

3. Valuation standards

The most significant accounting policies applied during the preparation of these annual consolidated financial statements are set out below:

a) Standardisation of the line items in the consolidated financial statements of the consolidated companies – the necessary adjustments are made to value and classify the assets and liabilities and revenues and expenses of the consolidated companies, in accordance with the valuation and classification policies applied by the parent company.

b) Consolidation principles

The consolidated annual financial statements were prepared in accordance with the following basic principals:

1. The positive differences between the acquisition value of the stakes and their book value on the date of first consolidation were recorded under “Consolidation goodwill” and amortised over three years. This line item is fully amortised as of the date of preparing the present financial statements.
2. Balances, transactions and profits between consolidated subsidiaries were eliminated during the consolidation process.
3. Minority interests in subsidiaries are presented as long-term liabilities. The only minority interest during 2004 was Cinematext, S.A.

c) Intangible assets

Trademarks and trade names

This item refers to expenses for filing program names with the Patents and Trademarks Registry and the license to use the international trademark “Tele 5” for a period of ten years. The latter was amortised on a straight-line basis over the 10-year concession period.

Similarly, at Publiespaña, S.A.U., trademarks correspond to amounts paid for the use of this industrial property which is amortised on a straight-line basis over a ten-year basis.

This line item also includes usage rights for the trademark, Atlas, which are similarly amortised over 10 years.

Research and development expenses

These expenses are valued at acquisition or production cost and they are charged to specific projects until they are completed so long as there is reasonable assurance that they can be financed through to completion and there are sound reasons to expect their technical success.

Computer applications

This heading includes the amounts paid to use or own computer programs and those developed in-house, provided that they are expected to be used over several years. Computer software maintenance expenses are expensed directly in the year in which they are incurred.

They are amortised over a period of four years from the date of first use.

Audiovisual property rights

These rights are stated at acquisition cost. If they are acquired in closed packages and no breakdown the individual value of each product is provided, individual values are calculated based on a weighting factor equivalent to the acquisition cost of products of a similar type and category as if the acquisition were made on an individual basis.

If the contract breaks down the individual value of each product/title, this is taken directly as the asset value.

The right is registered at the time it is available for broadcasting in accordance with the contract terms. If the contract involves several different rights which become available during the same fiscal year but on different dates, the parent company registers the contract rights on the date on which the first becomes available

Amortisation is based on the number of screenings, according to the following criteria:

1. Films and TV movies (not series)

- Contractual rights for one screening:

First screening: 100% of acquisition cost.

- Contractual rights for two screenings:
 - First screening: 50% of acquisition cost.
 - Second screening: 50% of acquisition cost.
- 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 one screening:
 - First screening: 100% of acquisition cost.

26

- Contractual rights for two 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 based on the aforementioned percentages is amortised on the basis of the buyer's territorial capacity to distribute the television signal, and a cost of goods sold is recognised based on the revenues generated in the territory where the screening has been sold and adjustments are made to the unsold value of the screening.

When audience figures for first screenings or channel programming indicate that net book value is not in line with the real estimated value, each specific product or right is additionally amortised.

In-house production rights

These include productions owned by Gestevisión Telecinco S.A., which it may sell subsequently.

Their value includes the costs incurred either directly by Gestevisión Telecinco S.A., recorded under "Capitalised expenses of in-house work on fixed assets", or on the amounts billed by third parties.

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

Amortisation is based on the number of screenings, according to the following criteria:

- Series of under 60 minutes and/or daily broadcasting.

First screening: 100% of the amortisable value.

- Series of over 60 minutes and/or weekly broadcasting.

First screening: 90% of the amortisable value.

Second screening: 10% of the amortisable value.

In addition, the residual asset values of broadcasting rights where over three years have elapsed since the recording date are fully written down.

27

When audience figures for first screenings or channel programming indicate that net book value is not in line with the real estimated value, each specific product or right is additionally amortised.

Distribution rights

Include the rights acquired by Gestevisión Telecinco, S.A. for their exploitation in all the windows in the Spanish territory.

The cost of the right is that stated in the contract. Distribution rights are amortised on the basis of revenues generated in each window where the right is exercised, and on the estimated revenues from each window.

When the “free-to-air” broadcasting or rights commence, this item is reclassified under the audiovisual property rights heading.

In the “free-to-air” window, distribution rights are amortised in line with audiovisual property rights, as detailed in the corresponding note.

Co-production rights

These include the co-production rights acquired by Gestevisión Telecinco, S.A. and Estudios Picasso Fábrica de Ficción, S.A.U. for exploitation in all windows.

The cost of the right is that stated in the contract. Co-production rights are amortised on the basis of revenues generated in each window where the right is exercised, and on the estimated revenues from each window.

When the “free-to-air” broadcasting or rights commence, this item is reclassified under the audiovisual property rights heading.

In the “free-to-air” window, distribution rights are amortised in line with audiovisual property rights, as detailed in the corresponding note.

28

Master copies and dubbing

Master copies refer to the media supporting the audiovisual rights and dubbing to the cost of dubbing original versions.

They are valued at acquisition cost and are amortised in line with their corresponding audiovisual rights.

d) Tangible fixed assets

Tangible fixed assets are valued at acquisition cost, including additional expenses incurred until the asset has reached full working condition. Financial expenses are not included.

Repairs which do not extend useful life and maintenance expenses are charged directly to the income statement.

Tangible fixed assets are depreciated on a straight-line basis over the useful life of the respective assets, taking into consideration the effective depreciation suffered as a result of their operation and use.

The depreciation rates used to calculate the depreciation of the various components of tangible fixed assets are as follows:

	Rate
Buildings	4 %
TV equipment	20 %
Installations	10-35 %
Tools	20 %
Transport equipment	15 %
Furniture	10 %
Computer hardware	25 %
Other fixed assets	20 %

A fixed asset provision is recorded whenever it is estimated that the cost will not be recovered through use.

e) Marketable securities

Marketable securities included in long term and short term financial investments are valued at acquisition cost. When the market value is below cost, the value is written down to reflect the lower of the two amounts.

The market price for holdings in unlisted companies is considered as book value, adjusted by the amount of unrealised capital gains at the time of acquisition and still existing at the closing date.

29

f) Non-trade loans and payables

Long term and short term non-trade payables are recorded at their repayment value. The difference with respect to the amount received is amortised annually using the interest method. Credit lines are stated at the amount drawn down. Creditors from fixed asset acquisitions refer to the amounts outstanding to suppliers of audiovisual rights recorded on the asset side of the balance sheet.

g) Treasury stock

Treasury stock is stated at the lower of acquisition cost (consisting of the total acquisition cost plus transaction expenses) or market value.

The company has provided for the mandatory restricted reserve corresponding to the cost of the treasury stock acquired.

h) Inventories

For in-house production programs, the production cost is determined considering all costs associated with the product which are incurred by Gestevisión Telecinco, S.A. Advances paid for programs are also included.

These are expensed on broadcasting.

i) Operating receivables and payables

Short term and long term receivables and payables originated in the ordinary course of business are recorded at nominal value, while specific bad debt allowances are made depending on the circumstances of each client.

j) Exchange differences

Depending on the underlying operations and their associated balances, the following standards are followed:

1. Tangible and intangible assets

The acquisition cost is translated into euros at the exchange rate prevailing at the date of the acquisition.

2. Loans and payables

Loans and payables denominated in foreign currency are converted to euros applying the exchange rate in force at the date of each transaction. At the year end, they are stated at the prevailing exchange rate on that date, and exchange losses are expensed and exchange gains are booked as deferred income, with the exception of balances which have been hedged in off balance sheet transactions (see Note 10).

3. Cash

Cash balances denominated in foreign currency are converted to euros applying the exchange rate in force at the date of inclusion in the balance sheet. At the year end they are stated at the exchange rate prevailing at that date and losses or gains are booked to the income statement.

k) Provisions for contingencies and expenses

This line item reflects the best estimate of third party liabilities which may be incurred by the Group as a result of extraordinary events or events outside of the company's day-to-day operating activities.

Contingencies are provisioned for once they become known and in accordance with best estimates available at that time. They are updated based on available information at the year end. They are reversed or applied as appropriate when the contingency subsides or materialises.

l) Corporate income tax

Since 1999, the parent company, Gestevisión Telecinco, S.A. filed its corporate income tax return on a combined basis with two of its subsidiaries: Grupo Editorial Tele 5, S.A.U. and Estudios Picasso Fábrica de Ficción, S.A.U. In 2000

the following subsidiaries were incorporated into the joint filling: Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U., Agencia de Televisión Latinoamericana de Servicios y Noticias Andalucía S.A. and Agencia de Televisión Latinoamericana de Servicios y Noticias Levante S.A.

In 2002, Agencia de Televisión Latinoamericana de Servicios y Noticias Galicia, S.A. and Agencia de Televisión Latinoamericana de Servicios y Noticias Cataluña, S.A.U. were included.

In 2004, Micartera Media, S.A.U. was added.

Also in 2004, and as a result of the merger of Agencia de Televisión Latinoamericana de Servicios y Noticias Andalucía S.A., Agencia de Televisión Latinoamericana de Servicios y Noticias Levante S.A. and Agencia de Televisión Latinoamericana de Servicios y Noticias Galicia, S.A. into Agencia de Televisión Latinoamericana de Servicios y Noticias Cataluña, S.A.U., which subsequently changed its business name to Atlas Media, S.A.U., the acquirees ceased to exist.

31

Publiespaña, S.A.U., Publimedia, S.A.U. and Advanced Media, S.A.U. will be included in the consolidated corporate income tax calculation in the fiscal year 2005.

The corporate income tax expense is calculated by applying the tax rate to book income, adjusted for permanent differences generated during the year, including those arising from consolidation and for applicable deductions, also including those generated by the consolidation process.

Timing differences are stated as deferred tax if they lower the tax base and as prepaid taxes where they increase the tax base, provided there is no doubt as to their recovery in future years.

m) Revenues and expenses

Revenues and expenses are recorded net of their corresponding taxes, with the exception of non-deductible taxes which are accordingly expensed. These are recorded in the period in which the underlying goods or services generate income or incur expenses rather than when the cash or monetary compensation is actually received or disbursed.

4. Consolidation goodwill

As of 31 December 2004, there is no outstanding balance in this line item on the consolidated balance sheet.

5. Intangible assets

The balances and movements in the items included under intangible assets are as follows:

(Thousands of euros)	Balance 31.12.03	Additions	Disposals	Transfers	Consolidation changes	Balance 31.12.04
Intangible assets						
R&D expenses	-	918	-	-	842	1,760
Concessions, patents, trademarks	14,494	40	-	-	19,148	33,682
Audiovisual property rights	407,943	37,393	(80,890)	47,729	-	412,175
Master copies	73	2	(20)	-	-	55
Dubbing	6,862	568	(406)	-	-	7,024
Co-productions	14,234	148	(1,009)	(1,506)	-	11,867
In-house production rights	428,123	61,726	-	2,800	-	492,649
Distribution rights	18,353	-	-	(3,973)	-	14,380
Other ancillary work	503	76	-	-	-	579
Rights, options, scripts, developments	1,000	252	(790)	26	-	488
Start-up expenses	198	22	-	-	-	220
Computer applications	10,076	347	(53)	-	2,034	12,404
Rights on leased assets	21	-	-	(21)	-	-
Advances on intangible assets	63,983	38,104	(103)	(45,076)	-	56,908
Total	965,863	139,596	(83,271)	(21)	22,024	1,044,191
Accumulated depreciation						
Concessions, patents, trademarks	(13,569)	(155)	-	(5)	(19,127)	(32,856)
Audiovisual property rights	(246,576)	(93,862)	78,858	-	-	(261,580)
Master copies	(50)	(11)	20	-	-	(41)
Dubbing	(5,110)	(689)	405	-	-	(5,394)
Co-productions	(7,336)	(877)	549	-	-	(7,664)
In-house production rights	(410,383)	(58,786)	-	-	-	(469,169)
Distribution rights	(6,843)	(2,280)	-	-	-	(9,123)
Other ancillary work	(266)	(201)	-	-	-	(467)
Start-up expenses	(28)	(137)	-	-	-	(165)
Computer applications	(8,181)	(1,629)	53	5	(1,212)	(10,964)
Rights on leased assets	(13)	-	-	13	-	-
Total amortisation	(698,355)	(158,627)	79,885	13	(20,339)	(797,423)
Provisions	(17,368)	(4,377)	6,125	-	(8)	(15,628)
Total	(715,723)	(163,004)	86,010	13	(20,347)	(813,051)
NET VALUE	250,140	(23,408)	2,739	(8)	1,677	231,140

a) R&D expenses

Research and development expenses include the expenses incurred to develop the project entitled "Research and development into an advertising information management system to estimate audiences, optimise revenues and with an on-line channel". This expense is to be amortised over a four-year period starting in 2003.

In 2002, the Ministry of Science and Technology, through its PROFIT Program (Program to Foster Technical Research) and the Centre for Industrial Technology Development (CDTI) granted Publiespaña S.A., in relation to this project, a refundable interest-free advance of €473 thousand and €449 thousand, respectively.

Both loans are featured on the balance sheet in the following line items:

(Thousands of euros)	PROFIT	CDTI	Total
Loans and other short term debt	94	303	397
Other long term debt (Note 13)	379	146	524

b) Audiovisual property rights

Outstanding provisions at the year end correspond to the net book value of rights which, while expiring later than 31 December 2004, do not feature in the channel's future broadcasting plans at the time of preparing the present financial statements.

At the year end there were firm commitments to acquire audiovisual property rights, available starting on 1 January 2005, for a total amount of \$163 million and €82 million. Details of the contract by currency and year in which the rights begin are provided below:

	USD million	Amount Euro million
2005	51	25
2006 and beyond	112	57
Total	163	82

As of 31 December 2004, advanced payments of €41,766 thousand had been made in connection with said firm commitments to acquire audiovisual property rights. The currency breakdown and year in which the rights begin are provided below:

	USD million	Amount Euro million
2005	22	9
2006 and beyond	8	4
Total	30	13

At the year end there were firm commitments to acquire co-production and distribution rights, starting on 1 January 2005, for a total amount of \$5 million and €27 million. The breakdown by currency and the year in which the rights begin is as follows:

	USD million	Amount Euro million
2005	5	11
2006 and beyond	-	16
Total	5	27

As of 31 December 2004, advanced payments of €2,665 thousand had been made in connection with said firm commitments to acquire co-production and distribution rights. The breakdown of the currency and the year in which the rights begin is provided below:

	USD million	Amount Euro million
2005	3	-
2006 and beyond	-	-
Total	3	-

As of 31 December, 2004, the amount of fully amortised goods stands as follows:

(Thousands of euros)	Amount
Computer applications	7,885
Transfer rights	69
Recovery rights	18,667
Trademark rights	391
Total	27,012

6. Tangible fixed assets

The balances and changes in tangible fixed assets in the year are as follows:

(Thousands of euros)	Balance 31.12.03	Additions	Disposals	Transfers	Consolidation changes	Balance 31.12.04
Tangible assets						
Land and natural resources	14,659	52	-	-	-	14,711
Buildings and other structures	27,633	560	-	-	-	28,193
Machinery, fixtures and tools	86,950	3,935	(4,673)	9	1,114	87,335
Furniture and fixtures	5,371	300	(1,870)	(9)	985	4,777
Computer hardware	15,039	859	(1,297)	-	686	15,287
Other tangible fixed assets	1,614	64	(269)	21	80	1,510
Construction in progress	763	2,945	(12)	-	-	3,696
Total	152,029	8,715	(8,121)	21	2,865	155,509
Accumulated depreciation						
Buildings and other structures	(10,300)	(1,123)	-	-	-	(11,423)
Machinery, fixtures and tools	(65,712)	(7,077)	4,610		(823)	(69,002)
Furniture and fixtures	(3,711)	(301)	1,977		(932)	(2,967)
Computer hardware	(10,228)	(2,738)	1,157		(564)	(12,373)
Other tangible fixed assets	(1,410)	(132)	311	(13)	(10)	(1,254)
Total depreciation	(91,361)	(11,371)	8,055	(13)	(2,329)	(97,019)
Provisions	-	-	69	-	(122)	(53)
Total	(91,361)	(11,371)	8,124	(13)	(2,451)	(97,072)
NET VALUE	60,668	(2,656)	3	8	414	58,437

As of 31 December 2004, the balance of fully amortised goods is as follows:

	Euros, thousands
Computer hardware	5,363
Machinery, fixtures and tools	46,319
Furniture	2,400
Transport equipment	94
Other tangible fixed assets	26
	54,202

7. Long term financial investments

The amounts and changes recorded in long term financial investments during 2004 are as follows:

(Thousands of euros)	Balance 31.12.03	Additions	Disposals	Consolidation changes	Balance 31.12.04
Investments in companies accounted for by the equity method	4,130	1,116	(1,462)	352	4,136
Loans to associated companies	1,997	38	(310)	-	1,725
Long-term credits	-	54	-	-	54
Guarantees	244	28	(41)	84	315
Long-term securities portfolio	2,226	-	(1,550)	-	676
Valuation provision for marketable securities	(1,618)	(26)	1,543	-	(101)
Total	6,979	1,210	(1,820)	436	6,805

a) Investments in companies carried under the equity method

36

Company	Investments carried under the equity method	Income from companies carried under the equity method 31 December 2004
Premiere Megaplex, S.A. (*) C/ Enrique Jardiel Poncela, 4 28016 Madrid	52	(100)
Multipark Madrid, S.A. C/ Sagasta, 11 28004 Madrid	2,409	132
Canal Factoría de Ficción, S.A. (*) C/ta. de Irún Km 12,450 28049 Madrid	378	159
Aprok Imagen, S.L. C/ Martínez Corrochano, 3, 28007 Madrid	726	282
Publieci Televisión, S.A. C/ Hermosilla, 112 28009 Madrid	895	543
Europortal Jumpy España, S.A. C/ María Tubau, 3 28050 Madrid	(324)	(368)
Total	4,136	648

(*) Unaudited figures

On 14 December 2004, Gestevisión Telecinco, S.A. sold its stakes in GsmBox España, S.A. and GsmBox S.p.A., to a third party, recording capital gains of €1,857 thousand.

b) Loans to associated companies, which total €1,725 thousand, correspond to a long term €1,687 thousand loan granted to Premiere Megaplex, S.A., maturing on December 30, 2007, at an interest rate of Euribor plus 0.50, plus €38 thousand in accrued interest payments.

c) The main companies included in long-term investment securities are:

Company	Direct stake (%)	Investment Book value	Pending Payments	Capital	Paid-in capital	Income (loss)	Investment provisión
Comeradisa							
Plza. Marqués Salamanca, 3 28006 Madrid	10	601	451	6.011	(754)	(261)	101
Other		75	120	N/D	N/D	N/D	
		676	571				101

The investment valuation allowance for marketable securities is included in the income statement under the line item "Variation in fixed asset allowances".

8. Inventories

The entire amount of this balance corresponds to advanced payments to programming suppliers.

9. Short term deposits and securities

This balance corresponds to short term fixed-income investments at market interest rates and which mature in 2005.

	Balance (Thousands of euros)
Short term securities portfolio	68,826
Short term deposits	177,502
Short term loans to associated companies	699
Total	247,027

10. Financial instruments

The parent company uses financial instruments to hedge exchange risk arising from the acquisition of audiovisual property rights throughout the year.

The hedging transaction conditions outstanding at 31 December 2004 are as follows:

Fiscal year	Year of maturity	Instrument	Amount in USD	Average Euro/USD
2004	2005	Exchange rate	12,102,775	1.2279

During the year, after hedging existing contractual commitments, unplanned changes to these commitments occurred so that at year end the company was over-hedged by USD2,168 thousand. At the time of preparing the current financial statements, this over-hedging had been partially applied to payments made in 2005, and the remaining balance had been sold.

11. Shareholders' equity

Balances and movements during the year recorded under shareholders' equity are as follows:

(Thousands of euros)	Balance 31.12.03	Retained earnings	Dividends	Capital increase	Capital reduction	Pai-in capital
Capital stock	92,521	-	-	31,005	(205)	-
Legal reserve	18,505	-	-	-	-	-
Paid-in capital	-	-	-	-	-	37,023
Treasury stock reserve	-	-	-	-	-	-
Other parent company reserves	211,438	673	(134,199)	-	205	-
Reserve at fully consolidated companies	2,839	3,894	-	-	-	-
Reserve at companies carried under the equity method	(3,018)	(479)	-	-	-	-
Income for the year	85,896	(85,896)	-	-	-	-
Dividends	-	81,808	(81,808)	-	-	-
Total shareholders' equity	408,181	-	(216,007)	31,005	-	37,023

(Thousands of euros)	Treasury stock	Net profit for the year	Changes in consolidation	Other movements	Balance 31.12.04
Capital stock	-	-	-	-	123,321
Legal reserve	-	-	-	-	18,505
Paid-in capital	-	-	-	-	37,023
Treasury stock reserve	114	-	-	-	114
Other parent company reserves	(114)	-	(386)	-	77,617
Reserve at fully consolidated companies	-	-	(339)	-	6,394
Reserve at companies carried under the equity method	-	-	725	(47)	(2,819)
Income for the year	-	203,973	-	-	203,973
Dividends	-	-	-	-	-
Total shareholders' equity	-	203,973	-	(47)	464,128

Capital stock

At the parent company's General Shareholders' Meeting held last 29 March 2004 the decision was taken at to increase its shareholder capital by €31,005 thousand, with additional paid-in capital of €225,154 thousand through the issuance of 5,159,000 registered shares, each with a nominal value of €6.01. The consideration for this capital increase and the related additional paid-in capital consists of the non-monetary contribution to Gestevisión Telecinco, S.A. of all the shares of Publiespaña, S.A. by the latter's shareholders.

Publiespaña, S.A shares were contributed to Gestevisión Telecinco, S.A. at the net book value of the holding in Publiespaña, S.A. owned by the shareholders making the contribution. The difference between this amount and Publiespaña, S.A.'s equity as of the date of the transaction would have given rise to goodwill amounting to €188,131 thousand. On 3 June 2004, a decision was taken at the Extraordinary Shareholders' Meeting to eliminate this, and, for this purpose, it was resolved to change the method used to account for the acquisition of Publiespaña to reflect its underlying book value as of 31 March 2004, such that definitive paid-in capital totals €37,023 thousand. Given that both companies had common shareholders' with equal shareholdings, the capital increase did not modify the stakes held by parent company shareholders.

In order to register this non-monetary contribution, pursuant to Article 231 of the revised Corporations Law, it was valued by an independent appraiser. This transaction has been registered at the Madrid Mercantile Registry.

The same parent company General Shareholders' Meeting agreed to reduce capital by €205 thousand with the aim of rounding up the nominal value of the shares. This reduction in shareholders' equity was implemented by creating a restricted reserve account in an amount equivalent to the reduced nominal share value. In addition, a reduction in the book value of the company's shares from €6 to go.5 per registered share was approved.

As of 31 December 2004, the parent company's capital stock consisted of 246,641,856 shares with a book value of €0.5 each, represented by a book-entry system. The capital stock is fully subscribed and paid-up and the breakdown of ownership is as follows:

Shareholder	Ownership %
Mediaset Investments, S.A.R.L.	27
Mediaset, S.P.A.	25
Corporación de Nuevos Medios Audiovisuales, S.L.U (Gr. Vocento)	13
Free float	35
Treasury stock	-
Total	100

Mediaset, S.p.A. and Corporación de Nuevos Medios Audiovisuales, S.L.U. have informed the Spanish securities commission, the CNMV, of the existing inter-company agreements relating to the parent company.

40

All the shares making up the company's capital stock enjoy similar rights.

Share transfers are governed by the Private Television Act dated 3 May.

Stock market listing

In accordance with the resolution approved at the General Shareholders' Meeting held on 29 March 2004, and upon completion of the necessary legal and administrative procedures, Gestevisión Telecinco, S.A. was publicly listed on 24 June 2004. The company's shares are traded on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

Dividends

On 29 March 2004, a €81,808 thousand dividend payment charged to 2003 earnings was approved at the General Shareholders' Meeting. This dividend was fully paid out in the first half of 2004.

On 20 May 2004, an extraordinary dividend payment of €134,199 out of unrestricted reserves was approved at the parent company's General Shareholders' Meeting. This extraordinary dividend was paid out in the first half of 2004.

Legal reserve

In accordance with Spanish Corporations Law, 10% of income must be allocated to the legal reserve to bring this up to at least 20% of capital stock. This legal reserve was fully covered by 31 December 2003, but due to the capital increase carried out during 2004, the company must make a further income allocation to this reserve - reflected in its proposed distribution of earnings.

Treasury stock

Treasury stock was acquired in order to cover the requirements of the parent company's management stock option plan, as well as the free employee share distribution plan approved at the General Shareholders' Meeting on 20 May 2004, in conjunction with the parent company's share listing. These respective plans are detailed in Note 18.

Movement in Treasury stock over the year is as follows:

(Thousands of euros)	Balance 31.12.03	Additions	Disposals	Balance 31.12.04
Treasury stock	-	10,264	(10,150)	114

The parent company acquired 1,011,231 shares at a price of €10.15 per share (IPO price) for a total amount of €10,264 thousand. The aforementioned amount was allocated to the corresponding mandatory restricted reserve, in accordance with article 79 of the revised Companies Act.

Subsequently, the treasury stock was used to execute the free share distribution plan in its entirety, and the management stock option plan almost entirely, such that at 31 December 2004, only 11,250 shares relating to this plan were still to be distributed before 2007.

41

Reserves at fully consolidated and equity accounted companies

The breakdown of reserves at fully consolidated companies is as follows:

Subsidiary	Thousands of euros
Grupo Editorial Telecinco, S.A.U.	2,824
Estudios Picasso Fábrica de Ficción, S.A.U.	32
ATLAS España, S.A.U.	3,358
ATLAS Cataluña, S.A.U.	222
ATLAS País Vasco, S.A.U.	215
Cinematext Media, S.A.	(348)
Mi Cartera Media, S.A.U.	91
Total	6,394

The breakdown of reserves at companies carried under the equity method is as follows:

Associated subsidiary	Thousands of euros
Premiere Megaplex, S.A.	(557)
Multipark Madrid, S.A.	(585)
Canal Factoría de Ficción, S.A.	(21)
Aprok Imagen, S.L.	364
Europortal Jumpy España, S.A.	(2,020)
Total	(2,819)

12. Provision for contingencies and expenses

This includes provisions made in 2004 to hedge, among other items, contingencies arising from litigation in progress, unresolved tax assessments and future third-party liabilities.

Changes in the provision for contingencies and expenses for the year are detailed below:

(Thousands of euros)	Balance 31.12.03	Provisions	Payment	Releases	Consolidation changes	Balance 31.12.04
Provisions for contingencies and expenses	40,023	20,223	(842)	(3,304)	6,353	62,453

The releases figure includes €2,886 thousand registered as extraordinary income.

42

The provision is included in extraordinary expenses in the income statement for the year and relates to hedging possible risks relating to the provision for contingencies arising from unresolved litigation.

Since 2001, Gestevisión Telecinco, S.A. has booked provisions for possible litigation with intellectual property rights management entities, which have either filed suit against the parent company for their right to receive remuneration for use of their respective catalogues or have made claims for payment of their respective fees.

The parent company has reached agreement with some of these entities. Other suits are still pending in various jurisdictions, either because the company does not recognise the right being claimed, or due to claims for management fees in relation to differing degrees of usage of their respective catalogues.

In these instances, the company has made a series of provisions, included in this line item, based on its best judgment as to the settlement amount.

The parent company and its subsidiaries have made provisions in connection with litigation and arbitration proceedings for an approximate amount of €36,662 thousand.

13. Other payables and operating provisions

a) Other long term payables

This line item consists of:

(Thousands of euros)	Balance 31.12.04	Balance 31.12.03
Advanced credits	3,914	3,217
	3,914	3,217

This amount includes:

1. A refundable advance of €1,552 thousand granted by the Science and Technology Ministry to the parent company in 2002 with the following terms:

- 7-year maturity
- 2-year grace period
- Interest rate: 0%

2. A refundable advance of €379 thousand granted by the Science and Technology Ministry to the parent company in 2002 with the following terms:

- 7-year maturity
- 2-year grace period
- Interest rate: 0%

3. A refundable advance of €503 thousand granted by the Science and Technology Ministry to the parent company in 2004 with the following terms:

- 7-year maturity
- 2-year grace period
- Interest rate: 0%

4. A refundable advance of €362 thousand granted by the Science and Technology Ministry to the parent company in 2004 with the following terms:

- 7-year maturity
- 2-year grace period
- Interest rate: 0%

5. An interest-free soft loan for €972 thousand, of which €350 thousand was paid out in 2004, was granted by the Centre for Industrial Technology Development (CDTI) to the parent company under the following conditions:

- 4-year maturity
- 2-year grace period
- Interest rate: 0%

6. An interest-free soft loan for €146 thousand was granted by the Centre for Industrial Technology Development (CDTI) to Publiespaña, S.A. under the following conditions:

- 4-year maturity
- 2-year grace period
- Interest rate: 0%

b) Provision for operating payables.

This line item includes the following concepts:

(Thousands of euros)	Balance 31.12.04
Rebates on sales to customers of Grupo Publiespaña	31,085
Provisions for short term responsibilities	575
	31,660

14. Credits and payables to financial entities and associated companies.

The detail of the financing terms with regard to established limits, available balances and maturities, bearing in mind the existing relationship with the Group is as follows:

Credits	Short term limit	Drawn down (Dr) Cr	Long term limit	Drawn down (Dr) Cr	Mat.
Link (Thousands of euros)					
Associated and Related companies	6,320	699	1,725	1,725	2007

The interest rates on these credits (excluding the preference loan) are Euribor + plus 0.5% to 0.6%.

Financing to associated and related companies are primarily credit policies or trade loans.

Loans

Link (Thousands of euros)	Short term limit	Drawn down (Dr) Cr
Financial entities	78,020	-

The interest rates on these loans are Euribor plus a market spread.

In 2004, four new lines of credit were signed for a total amount of €66,000 thousand and an existing line for €12,020 thousand was renewed.

The debt and credit balances between the Group and associated companies are as follows:

(Thousands of euros)	Debtors	Creditors
Mediaset Spa	-	45
Fininvest Spa	-	97
Publieci Televisión, S.A.	402	-
Europortal Jumpy España, S.A.	58	233
Aprok Imagen SL	7	229
Canal Factoría de Ficción, S.A.	352	394
Mediaset Group	3	-
COMERADISA	15	-
Publieurope Internac.	249	552
Publitalia 80	-	605
Total	1,086	2,155

The line items "Customer receivables for services" and "Payables for goods and services" include accounts receivable and payable between the parent company and Grupo Vocento, for amounts of €152 and €11,889 thousand, respectively.

15. Public authorities

The breakdown of this line item as of 31 December 2004 is as follows:

Taxes payable	Thousands of euros
Corporate income tax	13,513
Value added tax	8,054
Personal income tax	4,653
Accrued social security taxes	1,136
Other public entities	777
Total	28,133

Tax receivables	Thousands of euros
Prepaid taxes	3,127
Prepayments	6,354
Total	9,481

16. Tax issues

The reconciliation of the difference between reported consolidated earnings before taxes and the corporate income tax base of the companies included in this consolidated annual report is set out below:

(Thousands of euros)	Base	Tax effect and deductions	Tax expense
Reported consolidated profit before taxes	283,731	99,229	99,229
Permanent differences	21	7	7
Long term timing differences	(2,764)	(967)	(967)
Other timing differences	(10,673)	(3,737)	(1,194)
Tax loss carry forwards from prior years	(1,115)	(390)	(390)
Tax credits			
Program production	-	(13,219)	(13,219)
Investment	-	(506)	(506)
Other	-	(261)	(261)
Tax withholdings and prepayments	-	(72,857)	-
INITIAL COMBINED TAX BASE	269,200	-	-
AGGREGATED AMOUNT TO BE PAID	-	7,299	-
CORPORATE INCOME TAX BEFORE ADJUSTMENTS	-	-	82,699
Adjustments for taxes on profits			(2,983)
Tax on foreign earnings			22
CORPORATE INCOME TAX EXPENSE			79,738

A deferred tax asset was recognised for 35% of the timing differences that are expected to reverse over the short to medium term and where there are no doubts as to the company's ability to generate sufficient earnings to offset the losses.

Net loss carry forwards from previous fiscal years at Mi Cartera Media, S.A.U. were applied to consolidated earnings for the calculation of corporate income tax.

The amount of income qualifying for the tax credit established in Article 42 of Royal Decree Law 4/2004, dated 5 March, which approved the revised text of the Corporate Income Tax Law, generated by a land swap, is €3,128 thousand, which was reinvested on 17 March 2003.

On June 29, 1995, the Spanish tax authorities began an audit and inspection of Gestevisión Telecinco, S.A. and Publiespaña, S.A. with regard to the following items and periods:

Item	Period
Corporate income tax	1989-90-91-92-93
Value added tax	1990-91-92-93-94
Personal income tax withholdings and prepayments	1990-91-92-93-94
Withholdings from income from movable capital	1990-91-92-93-94
Annual declaration of third-party transactions	1989-90-91-92-93
Non-residents income tax (form 210)	1990-91-92-93-94
Transfer and stamp tax	1990-91-92-93-94
Gaming tax	1992-93-94-95-96

Subsequently, the inspection period was extended to include 1995 for all the aforementioned taxes, not originally included in all tax items.

The Spanish tax authorities carried out the inspection between December 1996 and February 1997. This resulted in the imposition a fine for €13,373 thousand on Gestevisión Telecinco, S.A. and €4,188 thousand on Publiespaña, S.A.U., which were appealed against by both companies.

To date, the company has not received notification of the potential additional assessment regarding 1995 corporate income tax, so the definitive amount arising from the assessment is not known.

An overall provision for the contested assessments was booked under provisions for contingencies and expenses (see Note 12). Gestevisión Telecinco, S.A. and Publiespaña, S.A.U. each posted a bond of €9,381 thousand (see Note 17).

In accordance with current tax legislation, the tax payments will not be considered definitive until they have been inspected by the tax authorities or the corresponding 4-year period has been prescribed. The Group subsidiaries' complete tax returns are open to inspection for 2001 and beyond, as is the corporate income tax return for fiscal year 2000.

17. Guarantee commitments to third parties and other contingent liabilities

The breakdown of guarantees provided as of 31 December 2004 is as follows:

Nature of guarantee	Amount (thousands of euros)
Guarantees provided	
Collateral for contracts, concessions and tenders	13,628
Legal guarantees	36,505
	50,133
Guarantees received	25,992

a) Guarantees provided

Within the first category of guarantees, there is a three-year bond totalling g6,010 thousand that guarantees the liabilities arising from the concession to indirectly manage public service television, in accordance with Law 107/1988, dated May 3, and a General Secretariat of Communications Resolution dated January 25, 1989. That concession was renewed for another ten years by the decision of the Spanish Cabinet on March 10, 2000, made public through a General Secretariat of Communications Resolution of the same date and published in the Official State Gazette (B.O.E.) on March 11, 2000.

The parent company and its subsidiary, Publiespaña, S.A., have provided guarantees in an amount totalling g2,518 thousand and €758 thousand, respectively, to the Directorate-General for the Development of the Information Society (Science and Technology Ministry) for an indefinite period to guarantee the refundable advance granted by that Directorate-General to the both companies as aid for research and development in the project entitled "Research and development to improve and expand the current management system and applications to adapt work processes to new technological tools and their integration with the digital archive".

The legal guarantees correspond on the one hand to liabilities that may arise from the legal proceedings initiated as a result of the court decision taken on June 1, 1998, (no significant additional parent company contingent liabilities are expected to arise), and, on the other, a new €17,743 thousand guarantee relating to the issues described in Note 12.

b) Guarantees received

Under Publiespaña, S.A.U.'s trading procedures, deferred sales must be accompanied by completion bonds. The amount of guarantees received under this concept in 2004 is shown in the table above.

18. Stock option plan and employee stock participation plan

In conjunction with the IPO, the parent company's shareholders approved a stock option plan for management at its General Shareholders' Meeting on 20 May 2004 as well as cost-free employee share distribution plan to be implemented by the parent company, both conceived to motivate and retain the loyalty of Grupo Telecinco's senior management and employees. These two remuneration systems are summarised below:

1) The Extraordinary General Shareholders' Meeting approved the distribution of parent company shares without cost to Group employees (hereafter "Employee Stock Participation Plan"). The company was required to distribute the shares to the beneficiaries of the Employee Stock Participation Plan within a maximum timeframe of 30 days following the completion of three months of trading by parent company shares.

2) The Extraordinary General Shareholders' Meeting approved a stock option plan for the Group's board members, executives and senior management, linked to the performance of parent company shares (hereafter "Stock Option Plan"). The Stock Option plan provides motivating, variable compensation as a function of the performance of the parent company's shares by granting management options on said shares. The strike price for the options is equal to the offering price in the Spanish retail tranche of the IPO, i.e., €10.15 per share. The Stock Option Plan is a five-year plan.

Subsequently, the Employee Stock Participation Plan was executed in its entirety, and the management Stock Option Plan was almost fully executed, the shares being provided from treasury stock such that at 31 December 2004, only 11,250 shares were still to be distributed in connection with the second plan. The parent company expense relating

to the Employee Stock Participation Plan totalled €716 thousand, and was recorded as personnel expenses in the group's 2004 financial statements.

19. Revenues and expenses

1. The breakdown of net revenues corresponding to the Group's ordinary activities is as follows:

Activity	Thousands of euros
Advertising revenues	715,625
Services rendered	28,004
Other	10,013
Total	753,642

2. Transaction volumes in foreign currency related to the acquisition of audiovisual property rights and distribution rights totalled USD54 million.

3. Trade receivables for sales and services include €155 thousand denominated in US dollars.

€11,499 thousand of accounts payable for fixed asset acquisitions are denominated in US dollars.

4. The average number of Group employees during 2004 by professional category is as follows:

Managers	84
Supervisors	95
Technicians	715
Clerical staff	148
Other	117
Total personnel	1,159

Average personnel "per project" stands at 64.

5. Personnel expenses for 2004 break down as follows:

	Thousands of euros
Wages and salaries	57,947
Social security	10,828
Employee welfare expenses	2,504
Total	71,279

6. The breakdown of the "Variation in operating allowances" account balance at year end, including the allowance for contingencies, is as follows:

	Thousands of euros
Provisions	985
Paid out	(1,530)
Total	(545)

7. The breakdown of Extraordinary expenses is as follows:

	Thousands of euros
Provision for contingencies	20,224
Prior years' losses	486
Other	1,740
Total	22,450

8. Contribution to consolidated earnings.

The breakdown by contribution to consolidated income by company is as follows:

	Thousands of euros
Gestevisión Telecinco, S.A.	155,529
Grupo Editorial Telecinco, S.A.U.	2,222
Estudios Picasso, S.A.U.	160
Atlas España, S.A.U.	4,353
Atlas Media, S.A.U.	319
Atlas País Vasco, S.A.U.	154
Mi Cartera Media, S.A.U.	1,115
Cinematext, S.A.	30
Premiere Megaplex, S.A.	(100)
Multipark Madrid, S.A.	132
Canal Factoría de Ficción, S.A.	159
Aprok	282
Europortal Jumpy España, S.A.	(368)
Publiespaña S.A.U.	36,138
Publimedia S.A.U.	3,304
Advanced Media S.A.U.	1
Publieci S.A.	543
Total	203,973

20. Other information

1. Directors' compensation. In 2004 the company paid its Board members salaries and in-kind compensation totalling €3,109 thousand. The Board members have not been granted any advances or loans and there are no obligations or guarantees to them in relation to pensions or in any other connection.

The parent company Board of Directors granted 122,000 options to the company's Board members.

Each option granted carried the right to purchase one parent company share. All the options granted to the Board of Directors had been exercised by year end.

The strike price for each option is €10.15, equal to the parent company IPO offering price.

2. Breakdown of involvement with companies engaging in similar activities and the directors' involvement in similar activities either on their own account or on behalf of others.

Pursuant to Article 127 of the Spanish Corporations Law, it is hereby stated that as of 31 December 2004, Giuseppe Tringali, Paolo Vasile, Giuliano Adreani, José Ramón Álvarez Rendueles, Pier Silvio Berlusconi, Fedele Confalonieri, Ángel Durández Adeva, Marco Giordani, Miguel Iraburu Elizondo, Alfredo Messina and Borja de Prado Eulate, members of the Board of Directors of GESTEVISIÓN TELECINCO, S.A., have not held and do not currently hold any ownership interests in companies engaging in an activity that is identical, similar or complementary to the activity that constitutes GESTEVISION TELECINCO, S.A.'s corporate purpose.

Alejandro Echevarría Busquet:

Investee	Line of business	Ownership interest	Functions
Vocento, S.A.	Communications	0.1752%	Director/Chairman's assistant
Sociedad Vascongada de Publicaciones, S.A	Newspaper publishing	0.1072%	Director
Diario ABC, S.L.	Newspaper publishing	0.0002%	Director

José M^a Bergareche Busquet:

Investee	Line of business	Ownership interest	Functions
Vocento, S.A.	Communications	0.3383% (direct)	Executive Deputy Chairman and CEO
Vocento, S.A.	Communications	1.5964% (indirect)	Executive Deputy Chairman and CEO
Sociedad Vascongada de Publicaciones, S.A.	Newspaper publishing	0.2779% (direct)	First Deputy Chairman

In accordance with the above, the following is a schedule of the of the activities carried out by the company's Directors as of 31 December 2004, either on their own account or on account of others, in companies engaging in business activities that are identical, similar or complementary to the activity that constitutes the corporate purpose of GESTEVISION TELECINCO, S.A.:

Alejandro Echevarría Busquet:

Name	Line of business	Arrangement under which the activity is performed	Company through which the activity is performed	Position or function at the company in question
Corporación de Medios Radiofónicos Digitales, S.A.	Digital radio	Own account	-	Chairman
Diario El Correo, S.A.	Newspaper publishing	Own account	-	Director
Editorial Cantabria, S.A.	Newspaper publishing	Own account	-	Director
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	News agency	Own account	-	Chairman
Publiespaña, S.A.U.	Advertising agency	Own account	-	Chairman

Paolo Vasile:

Name	Line of business	Arrangement under which the activity is performed	Company through which the activity is performed	Position or function at the company in question
Multipark Madrid, S.A.	Marketing and production of TV theme channels	Account of others	Gestevisión Telecinco, S.A.	Director
Corporación de Medios Radiofónicos Digitales, S.A.	Digital radio	Own account	Gestevisión Telecinco, S.A.	Director

Giuliano Adreani:

Name	Line of business	Arrangement under which the activity is performed	Company through which the activity is performed	Position or function at the company in question
R.T.I.-Reti Televisive Italiane S.p.A	Television operator	Own account	-	CEO

José M^a Bergareche Busquet

Name	Line of business	Arrangement under which the activity is performed	Company through which the activity is performed	Position or function at the company in question
Diario ABC, S.L.	Newspaper publishing	Own account	-	Director
Diario El Correo, S.A.U.	Newspaper publishing	Own account	-	Director
Radio Publi, S.L.	Radio	Own account	-	Chairman

D. Pier Silvio Berlusconi:

Name	Line of business	Arrangement under which the activity is performed	Company through which the activity is performed	Position or function at the company in question
R.T.I. – Reti Televisive Italiane S.p.A	Television operator	Own account	-	Chairman/CEO

In accordance with the above, we hereby state that Giuseppe Tringali, José Ramón Álvarez Rendueles, Fedele Confalonieri, Ángel Durández Adeva, Marco Giordani, Miguel Iraburu Elizondo, Alfredo Messina and Borja de Prado Eulate, have not and do not carry out activities, either on their own account or on account of others, in companies engaging in business activities that are identical, similar or complementary to the activity that constitutes GESTEVI-SION TELECINCO, S.A.'s corporate purpose.

3. €123 thousand in fees for financial audit services related to the Group's financial statements are included in the Independent Professional Services balance in the "External services" line item in the profit and loss statement.

Fees for other professional services provided exclusively to the parent company by its main auditor amounted to €653 thousand in 2004, mainly in connection with the company's IPO.

21. Subsequent events

Inclusion in the IBEX 35

In its meeting on 13 December 2004, the Technical Advisory Committee to the Ibex stock indices determined to include Gestevisión Telecinco, S.A. in said index in accordance with the Committee's Technical Composition and Calculation Standards, starting on 3 January 2005 and applying a weighting of 60%.

Incorporation of Red de Televisión Digital Madrid, S.A.

Red de Televisión Digital Madrid, S.A. was created on 3 January 2005, 50%-owned by Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U. and Zeta Audiovisual, S.A. The company was set up to bid at the local terrestrial digital television license tender being put out by the Madrid regional authorities.

This license had not been granted as of the date of preparing the present financial statements.

The company is headquartered in Madrid, on the Carretera de Irún, Km. 11.7.

Its capital stock consists of 60,200 shares, each with a nominal value of €1. The shares are fully subscribed and paid up at 25% of their nominal value.

Incorporation of Cinematext Media Italia, S.r.l.

Cinematext Media Italia, S.r.l. was incorporated on 10 February 2005 and is wholly owned by Cinematext Media, S.A. Its capital stock totals €10,000 and is fully paid up.

Cinematext Media Italia, S.r.l.'s corporate purpose is dubbing and subtitle work in connection with audiovisual projects and recordings and it is headquartered in Milan.

22. Implementation of International Accounting Standards

In accordance with European Community Ruling 1606/2002 dated 19 July 2002, all companies operating within the jurisdiction of a European Union country, and whose securities are traded on a regulated market of one of the member states, must present their consolidated financial statements from 1 January 2005 onwards in accordance with the International Accounting Standards (IAS) formulated and approved by the European Union. The application of this ruling means that the Group must present its 2005 consolidated financial statements in accordance with the EU –approved IAS. In Spain, the obligation to present annual consolidated financial statements in accordance with European IAS was ratified in the eleventh final provision contained in Law 62/2003, dated 30 December, regarding tax and administrative and social order (Official State Gazette of 31 December).

IAS 1 regarding the first-time Adoption of International Accounting Standards, approved by EC Regulation 707/2004 by the Commission on 6 April (OJEU 17 April), states that although the first set of financial statements to be presented under IAS will be those corresponding to fiscal year 2005, it will be necessary to restate the 2004 accounts so as to provide a comparison with 2005. This will require the preparation of an opening balance sheet for the transition date to IAS, 1 January 2004 in the case of the Group, in accordance with the IAS in effect on 31 December 2005.

In order to meet its obligations under EC Regulation 1606/2002 and the provisions included in Law 62/2003, the Group has established an IAS transition plan which includes, among others, the following aspects:

1. Analysis of the differences between the Generally Accepted Accounting Standards currently in effect in Spain and IAS, and the effects those differences could have in determining the estimates necessary to prepare the financial statements.
 2. Selection of the accounting criteria to be applied in those instances where several alternative treatments are permitted by IAS.
 3. Evaluation and determination of the appropriate modifications or adaptations to be made to the operating systems and procedures used to compile and supply the information necessary to prepare the financial statements.
 4. Evaluation and determination of changes required in the planning and organisation processes used to compile, convert and consolidate the information at the Group's subsidiaries and equity investments.
 5. Preparation of the consolidated opening financial statements at the transition date in accordance with IAS.
- The aforementioned plan is currently being executed and will be concluded during the course of 2005.

Mr. Alejandro Echevarría Busquet

Mr. Giuseppe Tringali

Mr. Paolo Vasile

Mr. Giuliano Adreani

Mr. José Ramón Álvarez Rendueles

Mr. José M^a Bergareche Busquet

Mr. Pier Silvio Berlusconi

Mr. Fedele Confalonieri

Mr. Ángel Durández Adeva

Mr. Marco Giordani

Mr. Miguel Iraburu Elizondo

Mr. Alfredo Messina

Mr. Borja de Prado Eulate

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language prevails.

Management report for the year

ended 31 December 2004 (Figures in thousands of euros)

A RECORD YEAR WITH THE IPO AS HIGHLIGHT

2004 marked an extraordinary year for Telecinco due to the coincidence of three fundamental factors in the television business: record audiences, record earnings and a successful IPO crowned by the company's inclusion in the select Ibex-35 index. As a result, 2004 was without a doubt Telecinco's best year since it began its journey in commercial television in 1990.

The audience share constitutes a milestone in itself, as it is the first time a private free-to-air broadcaster has outperformed the Spanish public channel, TVE 1. Secondly, the company recorded its highest ever advertising revenue and best ever operating and net income. Finally, the IPO of parent company, Gestevisión Telecinco S.A., was a resounding success with the shares posting a spectacular performance since their debut on 24 June (up 50% through to 31 December 2004).

58

FAVOURABLE ECONOMIC ENVIRONMENT

The Group's 2004 earnings were recorded against a generally benign economic backdrop: in Spain GDP increased by 2.7% for the year (2.5% in 2003) and internal demand grew 4.1% (3.3% in 2003), although inflation ended the year slightly above expectations (3.2%). The unemployment rate also fell during the year from 11.2% in 2003 to 10.4%.

The advertising market (all media) grew by 6.9% in 2004, while the television advertising market grew 15%.

MOST SUCCESSFUL IPO ACCORDING TO ANALYSTS

When Telecinco's Board took the decision to float 35% of the company on the stock exchange, it never dreamed that by year end, just a few months after listing, the security would be knocking on the door of the select Ibex-35 index. It entered the ranks of this index on 3 January 2005. According to the analyst community, the Telecinco IPO was one of the most successful of recent years.

Following the review of its Offering Memorandum by the CNMV, Telecinco's shares made their debut on the stock markets on 24 June at €10.15 per share. Telecinco's profitable history as a leader in television advertising generated excess demand for its shares and not everyone could be allotted shares.

Following the listing, the stock's value rose spectacularly. On 30 December, the last working day of the year, Telecinco's shares were trading at €15.18, representing an increase of 50% since the IPO.

In addition to the great expectation surrounding Telecinco's listing, the fact that the offering was oversubscribed and performed so well in the aftermarket, its consistent trading volume made it once of the most liquid stocks on the Spanish stock exchange.

The stock's admission to the select IBEX-35 index at year end boosted the stock even further.

AUDIENCE LEADERSHIP AND SUCCESSFUL INNOVATIVE PROGRAMMING

59

Telecinco ended the year as the country's most watched TV channel in terms of overall 24h viewership, with an audience share of 22.1% according to Sofres, 0.7 points ahead of Antena3 and 1.4 points ahead of TVE 1.

This marks the first time in Spanish television history that the state channel has lost its leadership position. Telecinco is also audience leader (another historic milestone) in prime time, representing peak viewer time slots - and consequently those preferred by advertisers. Within prime time, the most competitive hours are between 9pm and midnight; Telecinco had a 23.1% share of this time slot.

In terms of target audience (the qualitative portion of audience which is most valued by advertisers), Telecinco was leader again this year, both in overall 24h viewership (25.2% vs. 24.5% in 2003), as well as in the rest of the time slots, especially prime time (27% vs. 26.3% in 2003).

These excellent audience figures were topped off by Publiespaña SA's (the advertising division) innovative and successful sales policy, posting a sharp increase in advertising revenue, the Group's main source of revenues.

COMBINED FINANCIAL STATEMENTS

In order to facilitate the analysis of the financial information contained in Telecinco's IPO Offering Memorandum, as well as the follow-up of the periodical information to be provided to the market, the Consolidated Annual Report for 2004 (see Note 2b) includes a Combined Income Statement which shows Grupo Publiespaña's earnings for the first three months of 2004, i.e. prior to becoming part of the Consolidated Group, and a comparison with the Combined Income Statement for 2003. The commentary and comparisons included in this Management report on the performance of key operating figures in 2004 are based on the Combined Income Statements.

EXCEPTIONAL OPERATING RESULTS

The Group's net operating revenues grew 23.03% yoy on a combined basis, from €654 million in 2003 to €804.6 million in 2004, due to the increases in audience share already highlighted, the innovative advertising strategy pursued by Publiespaña and the strong overall performance of the advertising market in 2004.

Telecinco continued to pursue a cost containment policy, an integral part of its business strategy, rendering audience figures all the more remarkable. In 2004, operating costs (net of the impact of Capitalised expenses from in-house work on fixed assets) increased 3.6%, (or by €16.8 million) which, combined with the increase in net revenues, led to a 73.26% increase in operating income to €307.1 million for the year, despite the IPO transaction costs which amounted to €2.8 million, 0.6 % of total operating costs.

Combined Group net profit was €215.9 million, representing a yoy increase of 76.1%.

The business mix did not change significantly during the year with advertising still contributing the lion's share of revenues.

SHAREHOLDERS' EQUITY AND DIVIDENDS

In order to reorganise its capital structure ahead of the IPO, the parent company increased its capital in 2004 by €31,005 thousand (with final additional paid-in capital of €37,023 thousand), acquiring in exchange all the shares of Publiespaña SA in a non-monetary contribution, which was valued at the latter's net book value as of 31 March 2004. During the year the parent company distributed total dividends of €216 million to its shareholders, of which €134.2 million were paid in the form of an extraordinary dividend and the remainder (€81.8 million) took the form of an ordinary dividend charged to 2003 earnings. Total combined dividends paid out during the year (both ordinary and extraordinary) amounted to €250 million when the €34 million ordinary dividend paid out by Publiespaña SA against 2003 earnings - before its shareholders contributed its shares to Gestevisión Telecinco SA - is factored in.

CAPEX; NATIONAL FICTION DOMINATES

Once again, the Group's policy in 2004 regarding investment in audiovisual rights was to try to produce the TV programming necessary to maintain the channel's audience shares and maximise advertising revenues, all at reasonable cost.

In line with the trends experienced in prior years, the company's audiovisual rights investment policy reflected generalist TV viewers' declining appetite for foreign cinema and their preference for national fiction, a trend which was underscored in 2004.

Regarding other investments in technical equipment, the necessary expenditure was made throughout the year on the replacement, renovation and renewal of these assets so as to ensure that Telecinco's technology is in perfect condition to contribute to the productive process.

FINANCIAL POSITION

At the year end, there was once again virtually no financial debt on the Group's balance sheet, while its net cash position stood at €244 million, i.e. only €8 million less than at the end of 2003. Considering the dividend distributions made during the year (€250 million in total including ordinary and extraordinary dividends), free cash flow for 2004 totalled €242 million compared to €138 million the previous year, representing growth of 76.8%.

DIGITAL RESEARCH AND DEVELOPMENT

Grupo Telecinco enjoys a clear track record of technological innovation since 1998 when it created the country's first digital editorial, an activity which was subsequently complemented by establishing the channel's digital audiovisual archive, such that today around 90% of Telecinco's activities are digitalised.

In addition, all the company's sets have been recently fully renovated.

62

This vocation for technical and technological renewal is further evidenced by its participation in several research projects in the field of digital development which may be subsequently be applied in the company's operating processes. These efforts have been partially funded with financial aids granted by the National Program for Information and Communications Society and the Centre for Industrial Technology Development (CDTI).

SOCIAL RESPONSIBILITY

The notion of social responsibility takes on a special importance in the case of a company like Telecinco, a communications medium with the ability to influence and create public opinion. Telecinco wishes to use this influence to sensitise Spanish public opinion to certain issues and to promote solidarity.

This was the rationale behind the project started five years ago entitled "12 months, 12 causes" which consists of broadcasting 12 institutional campaigns, one each month, so over the course of the year the channel broadcasts a variety of spots targeting social consciousness.

These campaigns are reinforced by reports, special programs and even by events in the channel's series.

In 2004 Telecinco boosted the social dimension of this initiative by creating Telecinco Prizes for "12 months, 12 causes". The first prize ceremony rewarded the work and track record of the individuals and companies which have made the greatest contributions to peace, development and solidarity.

Telecinco signed various agreements to help in the areas of drug addiction, tobacco addiction and health education with the Ministries for Work and Social Affairs, Health and Internal Consumption, by broadcasting a series of institutional campaigns. In addition, there is a collaboration agreement in place with the Audiovisual Council of Catalonia for signalling all programming broadcast during the hours affording protection to children.

Program subtitling on page 888 of Telecinco's teletext represents additional value created by the broadcaster in terms of social responsibility towards its viewers.

Looking inside the company, Telecinco focused on the overall development of its employees in 2004, both from a professional and personal perspective. This commitment materialised in the form Human Resources strategies for training programs, special discounts on external services and modern and innovative internal communication tools, among other initiatives.

In order to enhance its work environment, Telecinco strengthened its health and safety policies in 2004, by means of the Risk Prevention Service, which applies proactive policies for the prevention of work-related accidents in collaboration with the workers' representatives and on-site medical assistance.

BUSINESS OUTLOOK

In 2005 the Group will continue to focus on reinforcing and consolidating Telecinco's leadership position in Spanish media, the result of its ability to attract the most commercially valuable audience, its commitment to ongoing innovation in advertising products so as to maximise revenues, its high profit margins and ability to generate cash flow.

In addition, the company will continue to control operating costs in order to further enhance its operating margins.

The company was already implementing this strategy before it was listed and plans to continue to do so now that it is a member of the Ibex-35, in the belief that continued focus on these strategy and business targets will create value for shareholders.

We will also continue to participate and promote business lines (SMS, merchandising, sales of broadcasting rights, Internet) believed to be highly complementary to the channel's core business, with the target of increasing their contribution to overall Group sales.

Finally, the Group is committed to participating directly, and as a function of public license tender activity on a national, regional and local basis, in as many terrestrial digital television business opportunities as may arise, an activity which Telecinco considers strategic to its future growth.

TREASURY STOCK

During the year the parent company purchased treasury stock in order to meet the requirements arising from the decision taken at the Extraordinary General Shareholders' Meeting on 20 May 2004 to establish a stock option plan for management as well as a cost-free employee stock distribution plan.

The number of shares required to cover both the stock option and stock distribution plans totalled 1,011,231. These shares were acquired at g10.15 per share for a total amount of g10,264 thousand.

At year end, upon completion of the stock distribution and management stock option plans (the latter almost in its entirety), the company still held 11,250 treasury shares which will be used to cover the portion of the stock option plan which has yet to be executed.

Mr. Alejandro Echevarría Busquet

Mr. Giuseppe Tringali

Mr. Paolo Vasile

Mr. Giuliano Adreani

Mr. José Ramón Álvarez Rendueles

Mr. José M^a Bergareche Busquet

Mr. Pier Silvio Berlusconi

Mr. Fedele Confalonieri

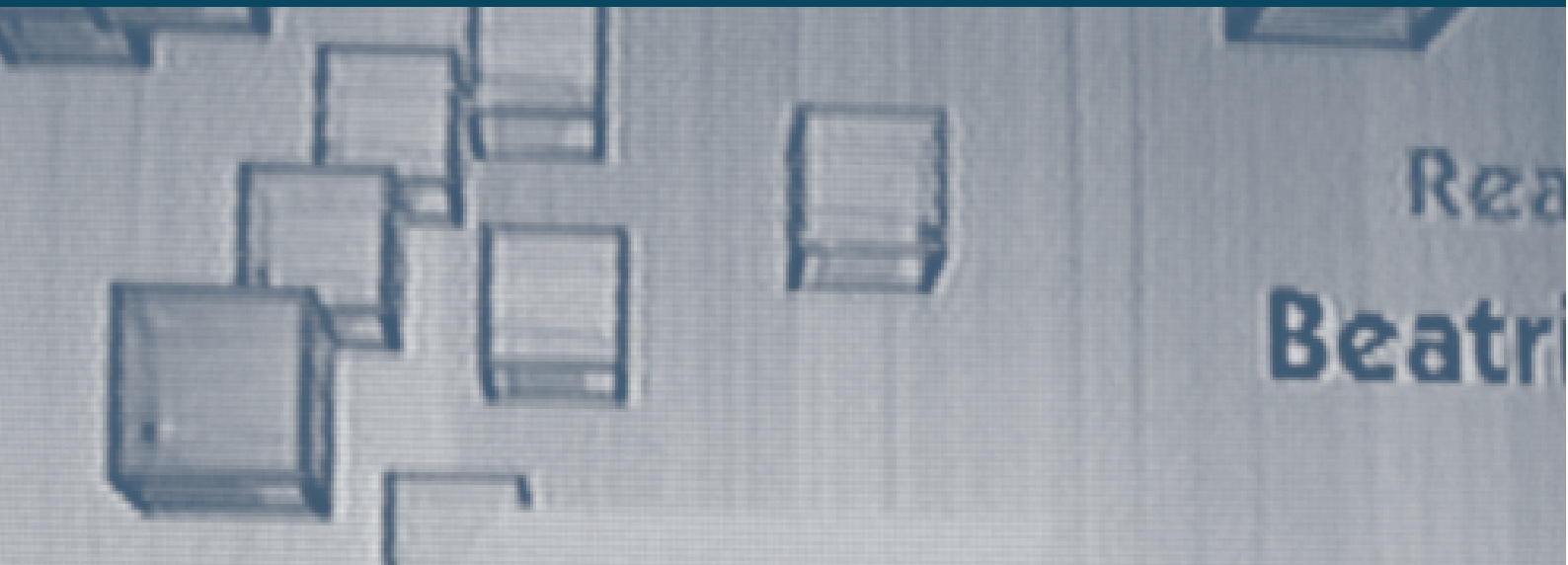
Mr. Ángel Duráñez Adeva

Mr. Marco Giordani

Mr. Miguel Iraburu Elizondo

Mr. Alfredo Messina

Mr. Borja de Prado Eulate



Gestevisión Telecinco, S.A.
Annual financial statements
and management report for the year
ended 31 December 2004



Auditors' Report on Financial statements

Deloitte.

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Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain. In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of
Gestevisión Telecinco, S.A.:

1. We have audited the financial statements of Gestevisión Telecinco, S.A. comprising the balance sheet as of December 31, 2004, and the related statement of income and notes to financial statements for the year then ended. The preparation of these financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the documentation supporting the financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made.
2. As required by Spanish corporate law, for comparison purposes the directors present, in addition to the 2004 figures for each item in the balance sheet and statements of income and of changes in financial position, the figures for 2003. Our opinion refers only to the 2004 financial statements. Our auditors' report dated March 18, 2004, on the 2003 financial statements contained an unqualified opinion.
3. Since the Company is the Parent Company of a corporate group, it is obliged under current legislation to prepare separate consolidated financial statements, on which we issued our auditors' report on March 2, 2005, containing an unqualified opinion. The effect of consolidation, which was performed on the basis of the individual accounting records of the companies composing the Group, with respect to the individual financial statements referred to above, was to increase reserves and income for the year by €8,139 thousand and €17,353 thousand, respectively, and to decrease assets by €48,114 thousand.
4. In our opinion, the financial statements for 2004 referred to above present, in all material respects, a true and fair view of the net worth and financial position of Gestevisión Telecinco, S.A. as of December 31, 2004, and of the results of its operations and of the funds obtained and applied by it in the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards applied on a basis consistent with that of the preceding year.
5. The accompanying management report for 2004 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the management report is consistent with that contained in the financial statements for 2004. Our work as auditors was confined to checking the management report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE
Registered in ROAC under no. S0692



Antonio Rueda

March 2, 2005

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with general accounting principles in Spain (see Note 2 d). In the event of a discrepancy, the Spanish-language prevails.

Balance Sheet

as of 31 December 2004 and 2003

ASSETS (Thousands of euros)	31/12/2004	31/12/2003
Start-up expenses	88	-
Share capital increase expenses	88	-
Tangible assets		
Intangible assets (Note 5)	216,866	246,416
Cost	1,005,974	959,640
Accumulated depreciation	(789,108)	(713,224)
Property and equipment (Note 6)	57,025	59,399
Cost	141,429	140,950
Accumulated depreciation	(84,404)	(81,551)
Long term financial investments (Note 7)	75,196	8,186
Treasury shares (Note 12)	114	-
TOTAL FIXED ASSETS	349,289	314,001
CURRENT ASSETS		
Inventories (Note 8)	152	120
Receivables	162,573	135,730
Trade receivables for sales and services	15,899	14,017
Trade receivables from related and associated companies (Note 9)	146,650	119,072
Sundry accounts receivable	1,200	-
Employee receivables	99	122
Receivables from public authorities (Note 16)	1,401	3,210
Short term prepaid taxes (Note 16)	693	3,235
Provisions	(3,369)	(3,926)
Current investments (Note 10)	266,165	261,552
Loans to Group and associated companies	20,664	9,963
Short term deposits and securities	245,501	251,589
Cash	686	139
Accrual accounts	2,451	2,426
TOTAL CURRENT ASSETS	432,027	399,967
TOTAL ASSETS	781,316	713,968

Balance Sheet

as of 31 December 2004 and 2003

LIABILITIES (Thousands of euros)	31/12/2004	31/12/2003
SHAREHOLDERS' EQUITY (Note 12)		
Subscribed capital	123,321	92,521
Paid-in capital	37,023	-
Legal reserve	18,505	18,505
Treasury stock reserve	114	-
Other reserves	73,053	207,161
Retained earnings	186,620	81,808
TOTAL	438,636	399,995
Provisiones para riesgos y gastos (Note 13)	55,568	40,023
Long-term payables		
Long-term guarantees received	6	4
Other debts (Note 14)	3,389	3,217
Pending share payments not demanded by Group and associated companies (Note 7)	616	616
TOTAL LONG-TERM PAYABLES	4,011	3,837
Current liabilities		
Credits and payables to related and associated companies (Note 9)	152,113	149,783
Trade payables	62,288	65,205
Other non trade payables	68,021	54,086
Short term debt transferable to grants	550	-
Payable to public authorities (Note 17)	21,617	11,770
Payables for fixed asset acquisitions	40,051	36,567
Other accounts payable	985	2,194
Pending compensation	4,818	3,555
Provision for operating payables	575	575
Accrual accounts	104	464
TOTAL CURRENT LIABILITIES	283,101	270,113
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	781,316	713,968

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with general accounting principles in Spain (see Note 2 d). In the event of a discrepancy, the Spanish-language prevails.

Profit and Loss Account for the years

ended 31 December 2004 and 2003

EXPENSES (Thousands of euros)	2004	2003
Decrease in finished goods and work-in-progress	49	162
Procurements	147,279	132,680
Personnel expenses (Note 20.5)	46,517	41,921
Wages and salaries	37,433	33,989
Employee welfare expenses	9,084	7,932
Depreciation and amortisation expense	168,105	187,477
Variation in operating allowances (Note 20.6)	(556)	479
Other operating expenses	103,260	84,807
Total operating expenses	464,654	447,526
Operating income	229,305	116,897
Financial expenses		
On debt to third parties and associated companies	3,315	2,864
Exchange losses	620	2,843
Interest income	33,856	4,102
Income from ordinary activities	263,161	120,999
Variation in fixed asset allowances	973	6,337
Losses on fixed assets	145	1,598
Extraordinary expenses (Note 20.7)	21,553	5,989
Income before taxes	247,281	108,502
Corporate income tax (Note 17)	60,661	26,694
Net income for the year	186,620	81,808

Profit and Loss Account for the years

ended 31 December 2004 and 2003

REVENUES (Thousands of euros)	2004	2003
Net revenues (Note 20.1)	659,948	535,598
Sales	643,022	519,592
Services rendered	16,669	15,598
Other	13	-
Increase in finished goods and work-in-progress	244	408
Capitalised expenses of in-house work on fixed assets	14,731	10,749
Other operating revenues	19,280	18,076
Non-core revenues	18,862	17,100
Grants	-	216
Overprovision for contingencies and expenses	418	760
Total operating revenues	693,959	564,423
Financial revenues		
Income from shareholdings in equity	31,175	1,659
Other financial income	6,242	4,695
Exchange gains	374	3,455
Income from trading in treasury shares	33	-
Gains on fixed asset disposals	1,986	269
Extraordinary income	4,772	1,158
Extraordinary losses, net	15,880	12,497

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with general accounting principles in Spain (see Note 2 d). In the event of a discrepancy, the Spanish-language prevails.

Notes to the annual Financial Statements for the year ended 31 December 2004 (Thousands of euros)

1. Business activity

Gestevisión Telecinco, S.A. was incorporated in Madrid on 10 March 1989. Its registered offices are located on the Carretera de Irún, Km. 11.7, 28049 Madrid.

The Company's corporate purpose is the indirect management of public service television in accordance with the terms stipulated in the concession granted by the State, by virtue of the resolution passed on 28 August 1989 by the General Secretariat for Communications, and in the concession contract executed by public deed on 3 October 1989, as well as carrying out all logical and related activities resulting from the operation of said concession.

74

On 10 March 2000, the Council of Ministers agreed to renew the concession for a further 10 years. On the same date, this agreement was officially recognised by the General Secretariat for Communications and published in the Official State Gazette (BOE) on 11 March 2000.

The Company has an indefinite duration in accordance with article 4 of its by-laws.

The Company was listed on the stock exchange on 24 June 2004.

Given the nature of its business activities, the company does not have any environmental responsibilities, expenses, assets, provisions or contingencies which could have a material impact on its capital, financial situation or operating results. As a result, the following notes to the financial statements do not include any specific breakdown regarding environmental issues.

2. Basis of presentation of the annual financial statements

a) True and fair view

The annual financial statements were prepared on the basis of the company's accounting records. The accounting legislation currently in force was applied with a view to providing a true and fair view of its net worth, financial position and results of operations.

b) Preparation of the consolidated financial accounts

Getelevision Telecinco S.A. is the parent of a group of companies in accordance with Royal Decree 1815/1991 dated 20 December, and is accordingly obliged to present consolidated financial statements on an annual basis. The corresponding consolidated financial statements are provided together with these individual statements. Consolidated net worth and net income for fiscal year 2004 totalled €464,128 and €203,973 thousand, respectively.

75

c) Basis of comparison

For comparative purposes, figures for fiscal year 2003 are presented alongside figures for fiscal year 2004 in the balance sheet, profit and loss and cash flow statements.

d) Explanation added for translation to English

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles accounting principles in other countries.

3. Proposed distribution of earnings

a) The following distribution of earnings shall be proposed for approval at the General Shareholders' Meeting:

Amount to be distributed (Thousands of euros)	Amount
Retained earnings	186,620
Distribution	
Legal reserve	6,160
Voluntary reserves	7,819
Dividends	172,641
Total	186,620

4. Valuation standards

76

The most significant accounting policies applied during the preparation of the annual financial statements are set out below:

a) Intangible assets

Computer applications

This heading includes the amounts paid to use or own computer programs and those developed in-house, provided that they are expected to be used over several years. Computer software maintenance expenses are expensed directly in the year in which they are incurred.

They are amortised over four years from the date of first use.

Audiovisual property rights

These rights are stated at acquisition cost. If they are acquired in closed packages and no breakdown for the individual value of each product is provided, individual values are calculated based on a weighting factor equivalent to the acquisition cost of products of a similar type and category as if the acquisition were made on an individual basis.

If the contract breaks down the individual value of each product/title, this is taken directly as the asset value.

The right is registered at the time it becomes available for broadcasting in accordance with the contract terms. If the contract involves several different rights which become available during the same fiscal year but on different dates, the company registers the contract rights on the date on which the first becomes available.

Amortisation is based on the number of screenings, according to the following criteria:

1. Films and TV movies (non-series).

- Contractual rights for one screening:

First screening: 100% of acquisition cost.

- Contractual rights for two screenings:

First screening: 50% of acquisition cost.

Second screening: 50 % of acquisition cost.

- 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 one screening:

First screening: 100% of acquisition cost.

- Contractual rights for three 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 based on the aforementioned percentages is amortised on the basis of the buyer's territorial capacity to distribute the television signal, and a cost of goods sold is recognised based on the revenues generated in the territory where the screening has been sold and adjustments are made to the unsold value of the screening.

When audience figures for first screenings or channel programming indicate that net book value is not in line with the real estimated value, each specific product or right is additionally amortised.

In-house production rights

These include productions owned by the company, which it may sell subsequently.

Their value includes the costs incurred either directly by the company, recorded under “Capitalised expenses of in-house work on fixed assets”, or on the amounts billed by third parties.

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

Amortisation is based on the number of screenings, according to the following criteria:

- Series of under 60 minutes and/or daily broadcasting.

First screening: 100 % of the amortisable value.

- Series of over 60 minutes and/or weekly broadcasting.

First screening: 90 % of the amortisable value.

Second screening: 10 % of the amortisable value.

In addition, the residual asset values of broadcasting rights where over three years have elapsed since the recording date are fully amortised.

When audience figures for first screenings or channel programming indicate that net book value is not in line with the real estimated value, each specific product or right is additionally amortised.

Distribution rights

Include the rights acquired by the company for their exploitation in all windows in the Spanish territory.

The cost of the right is that stated in the contract. Distribution rights are amortised on the basis of revenues generated in each window where the right is exercised, and on the estimated revenues from each window.

When the “free-to-air” broadcasting or rights commence, this item is reclassified under the audiovisual property rights heading.

In the “free-to-air” window, distribution rights are amortised in line with audiovisual property rights, as detailed in the corresponding note.

Co-production rights

These include the co-production rights acquired by the company for exploitation in all windows in the Spanish territory.

The cost of the right is that stated in the contract. Co-production rights are amortised on the basis of revenues generated in each window where the right is exercised, and on the estimated revenues from each window.

When the “free-to-air” broadcasting or rights commence, this item is reclassified under the audiovisual property rights heading.

In the “free-to-air” window, co-production rights are amortised in line with audiovisual property rights, as detailed in the corresponding note.

Master copies and dubbing

Master copies refer to the media supporting the audiovisual rights and dubbing to the cost of dubbing original versions.

They are valued at acquisition cost and are amortised according to their corresponding audiovisual rights.

b) Tangible assets

Tangible fixed assets are valued at acquisition cost, including additional expenses incurred before the asset has reached full working condition. Financial expenses are not included.

Repairs which do not extend the useful life and maintenance expenses are charged directly to the income statement.

Tangible fixed assets are depreciated on a straight-line basis over the useful life of the respective assets, taking into consideration the effective depreciation suffered as a result of their operation and use.

The depreciation rates used to calculate the depreciation of the various components of tangible fixed assets are as follows:

	Rate
Buildings	4 %
TV equipment	20 %
Installations	10-35 %
Tools	20 %
Transport equipment	15 %
Furniture	10 %
Computer hardware	25 %
Other fixed assets	20 %

A fixed asset provision is recorded whenever it is estimated that the cost will not be recovered through use.

c) Marketable securities

Marketable securities included in long term and short term financial investments are valued at acquisition cost. When the market value is below cost, the value is written down to reflect the lower of the two amounts.

The market price for holdings in unlisted companies and Group and associated companies is considered to be the book value adjusted by the amount of unrealised capital gains at the time of acquisition and still existing at the closing date.

80

d) Non trade loans and payables

Long term and short term non-trade payables are recorded at their repayment value. The difference with respect to the amount received is amortised annually using the interest method. Credit lines are stated at the amount drawn down. Creditors related to fixed asset acquisitions refer to the amounts outstanding to suppliers of audio-visual rights recorded on the asset side of the balance sheet.

e) Treasury stock

Treasury stock is stated at the lower of acquisition cost (consisting of the total acquisition cost plus transaction expenses) or market value.

The company has provided for the mandatory restricted reserve corresponding to the cost of the treasury stock acquired.

f) Inventories

For in-house production programs, the production cost is determined considering all costs associated with the product which are incurred by the company. Advances paid for programs are also included.

These are expensed to broadcasting.

g) Operating receivables and payables

Short and long term receivables and payables originating during the ordinary course of business are recorded at nominal value, while specific bad debt allowances are made according to each customer's particular circumstances.

h) Exchange differences

Depending on the underlying operations and their associated balances, the following standards are followed:

1. Tangible and intangible assets

The acquisition cost is converted to euros at the exchange rate prevailing at the date of acquisition.

2. Loans and payables

Loans and payables denominated in foreign currency are converted to euros applying the exchange rate in force at the date of each transaction. At year end, they are stated at the prevailing exchange rate on that date, and exchange losses are expensed and exchange gains are booked as deferred income, with the exception of balances which have been hedged in off balance sheet transactions (see Note 11).

3. Cash

Cash balances denominated in foreign currency are converted to euros applying the exchange rate in force at the date of inclusion in the balance sheet. At year end they are stated at the exchange rate prevailing at that date and losses or gains are booked to the income statement.

i) Provisions for contingencies and expenses

This line item reflects the best estimate of third party liabilities which may be incurred by the Group as a result of extraordinary events or events falling outside of the company's day-to-day operating activities.

Contingencies are provisioned for once they become known and in accordance with best estimates available at that time. They are updated based on available information at the year end. They are reversed or applied, as appropriate, as these contingencies subside or materialise.

j) Corporate income tax

Since 1999, the company has filed its corporate income tax return on a consolidated basis with two of its subsidiaries: Grupo Editorial Tele 5, S.A.U. and Estudios Picasso Fábrica de Ficción, S.A.U. In 2000 the following subsidiaries were incorporated into the joint filing: Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U., Agencia de Televisión Latinoamericana de Servicios y Noticias Andalucía S.A. and Agencia de Televisión Latinoamericana de Servicios y Noticias Levante S.A.

In 2002, Agencia de Televisión Latinoamericana de Servicios y Noticias Galicia, S.A. and Agencia de Televisión Latinoamericana de Servicios y Noticias Cataluña, S.A.U. were included.

In 2004, Micartera Media, S.A.U. was added.

In 2004, and as a result of the merger of Agencia de Televisión Latinoamericana de Servicios y Noticias Andalucía S.A., Agencia de Televisión Latinoamericana de Servicios y Noticias Levante S.A. and Agencia de Televisión Latinoamericana de Servicios y Noticias Galicia, S.A. into Agencia de Televisión Latinoamericana de Servicios y Noticias Cataluña, S.A.U., which subsequently changed its business name to Atlas Media, S.A.U., the acquirees ceased to exist.

Corporate income tax expenses are calculated by applying the tax rate to book income, adjusted for permanent differences generated during the year, including those arising from consolidation and for applicable deductions, also including those generated by the consolidation process.

Timing differences are stated as deferred tax if they lower the tax basis and as prepaid taxed where they increase the tax basis, provided there is not doubt as to their recovery in future years.

The calculation and settlement of consolidated corporate income tax gives rise to a tax credit or payable with the Group companies.

k) Revenues and expenses

Revenues and expenses are recorded net of their corresponding taxes, with the exception of non-deductible taxes which are accordingly expensed. These are recorded in the period in which the underlying goods or services generate income or incur expenses rather than when the cash or monetary compensation is actually received or disbursed.

5. Intangible assets

The balances and movements in the items included under intangible assets are as follows:

(Thousands of euros)	Balance	Additions	Disposals	Transfers	Balance
Intangible assets	31.12.03				31.12.04
Trademarks and trade names	13,072	-	-	-	13,072
Audiovisual property rights	407,943	37,393	(80,890)	47,729	412,175
Master copies and customs	73	2	(20)	-	55
Dubbing and other work	6,862	568	(406)	-	7,024
Co-productions	12,154	-	(548)	(3,688)	7,918
Fiction productions	428,123	61,726	-	2,800	492,649
Distribution rights	18,353	-	-	(3,973)	14,380
Other ancillary work (distribution)	497	34	-	-	531
Rights, options, scripts, developments	480	87	(672)	120	15
Start-up expenses	41	22	-	-	63
Advances on audiovisual property rights	60,279	19,389	(35)	(37,867)	41,766
Advances on fictional series	-	7,169	-	(2,800)	4,369
Advances on distribution rights	2,771	2,215	-	(2,321)	2,665
Computer applications in process	18	46	(12)	-	52
Computer applications	8,974	311	(45)	-	9,240
Total	959,640	128,962	(82,628)	-	1,005,974

(Thousands of euros)	Balance	Provision	Disposals	Balance
Accumulated depreciation	31.12.03			31.12.04
Trademarks and trade names	13,072	-	-	13,072
Audiovisual property rights	246,576	93,862	(78,858)	261,580
Master copies	50	11	(20)	41
Dubbing	5,110	689	(405)	5,394
Co-productions	6,067	516	(549)	6,034
Fictional series	410,383	58,786	-	469,169
Distribution rights	6,843	2,280	-	9,123
Other ancillary work	266	194	-	460
Start-up expenses	28	25	-	53
Computer applications	7,461	1,146	(45)	8,562
Total amortisation	695,856	157,509	(79,877)	773,488
Provisions	17,368	4,377	(6,125)	15,620
Total	713,224	161,886	(86,002)	789,108
Net book value	246,416	-	-	216,866

Outstanding provisions at year end correspond to the net book value of rights which, while expiring later than 31 December 2004, do not feature in the channel's future broadcasting plans at the time of preparing the present financial statements.

At year end there were firm commitments to acquire audiovisual property rights, available from 1 January 2005, for a total amount of \$163 million and €82 million. Contract details by currency and year in which the rights begin are provided below:

	USD million	Euros million
2005	51	25
2006 and beyond	112	57
Total	163	82

As of 31 December 2004, advanced payments of €41,766 thousand had been made in connection with these aforementioned firm commitments to acquire audiovisual property rights. The currency breakdown and year in which the rights begin are shown below:

84

	USD million	Euros million
2005	22	9
2006 and beyond	8	4
Total	30	13

At year end there were firm commitments to acquire distribution rights, starting on 1 January 2005, for a total amount of \$5 million. The timeline for these rights is shown below:

	USD million
2005	5
Total	5

As of 31 December 2004, advanced payments of €2,665 thousand had been made in connection with the aforementioned firm commitments to acquire distribution rights. The breakdown of the currency and the year in which the rights begin is shown below:

	USD million	Euros million
2005	3	-
Total	3	-

As of 31 December, 2004, the amount of fully amortised goods stands as follows:

	Thousands of euros
Computer applications	6,242

6. Tangible fixed assets

The balances and changes in tangible fixed assets in the year are as follows:

(Thousand of euros)	Balance	Additions	Disposals	Balance
Tangible assets	31.12.03			31.12.04
Land	14,659	52	-	14,711
Buildings	27,633	560	-	28,193
Machinery, fixtures and tools	77,693	3,671	(4,464)	76,900
Furniture and fixtures	5,312	279	(1,840)	3,751
Computer hardware	13,398	714	(1,224)	12,888
Other tangible fixed assets	1,493	40	(240)	1,293
Construction in progress	762	2,943	(12)	3,693
Total	140,950	8,259	(7,780)	141,429

(Thousand of euros)	Balance	Provisions	Disposals	Balance
Accumulated depreciation	31.12.03			31.12.04
Buildings	10,300	1,123	-	11,423
Machinery, fixtures and tools	57,147	6,706	(4,410)	59,443
Furniture and fixtures	3,679	289	(1,948)	2,020
Computer hardware	9,101	2,376	(1,087)	10,390
Other tangible fixed assets	1,324	102	(298)	1,128
Total	81,551	10,596	(7,743)	84,404
Net book value	59,399	-	-	57,025

As of December 31, 2004, the balance of fully depreciated goods is as follows:

	Thousands of euros
Computer hardware	4,172
Machinery, fixtures and tools	37,629
Vehicles	94
Furniture and fixtures	1,499
	<u>43,394</u>

7. Long term financial investments

The amounts and changes recorded in long term financial investments during 2004 are as follows:

(Thousands of euros)	Balance 31.12.03	Additions	Disposals	Balance 31.12.04
Group and assoc. company shareholdings	28,716	68,028	(6,160)	90,584
Loans to Group and associated companies	1,997	38	(310)	1,725
Long-term securities portfolio	2,227	13	(1,563)	677
Long-term credits	-	55	-	55
Guarantees	178	12	(22)	168
Valuation provision for marketable securities	(24,932)	(615)	7,534	(18,013)
Total	8,186	67,531	(521)	75,196

The investment valuation allowance for marketable securities is included in the income statement under the line item "Variation in fixed asset allowances".

86

Loans to Group and associated companies, which total €1,725 thousand, correspond to a long term €1,687 thousand loan granted to Premiere Megaplex, S.A., maturing on December 30, 2007, at an interest rate of Euribor plus 0.50, plus €38 thousand in accrued interest payments.

The additions under "Shareholdings in Group and associated companies" reflect the acquisition of Publiespaña, S.A.U. (Note 12)

On 14 December 2004, Gestevisión Telecinco, S.A. sold its stakes in GsmBox España, S.A. and GsmBox S.p.A., to a third party, recording capital gains to an amount of €1,857 thousand.

Holdings in Group companies, associated companies and other shareholdings of significance as of 31 December 2004 are provided in the following table:

Company	Direct shareholding (%)	Book value shareholding (thousands of euros)	Pending payments	Capital	Paid-in premium reserve	Earnings (losses)	Depreciation provision
GROUP AND ASSOCIATED COMPANIES							
Publiespaña, S.A.U. Ctra. de Irún, Km. 11,700, 28049 Madrid	100	68,028	-	601	20,748	50,543	-
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U. Ctra. de Irún, Km. 11,700, 28049 Madrid	100	1,171	-	901	3,628	4,980	-
Premiere Megaplex, S.A. (*) C/ Enrique Jardiel Poncela, 4, 28016 Madrid	50	708	-	372	(69)	(210)	657
Grupo Editorial Tele 5, S.A.U. (*) Ctra. de Irún, Km. 11,700, 28049 Madrid	100	120	-	120	2,823	2,222	-
Estudios Picasso Fabrica Ficción, S.A.U. (*) Ctra. de Irún, Km. 11,700, 28049 Madrid	100	60	-	60	32	160	-
Digitel 5 Media, S.A.U. (*) Ctra. de Irún, Km. 11,700, 28049 Madrid	100	60	45	60	-	-	-
Cinematext Media, S.A. (*) Ctra. de Irún, Km. 11,700, 28049 Madrid	60	1,370	-	150	689	50	837
Canal Factoría de Ficción, S.A. (*) Ctra. de Irún, Km. 12,450, 28049 Madrid	40	240	120	600	(52)	398	-
Multipark Madrid, S.A. C/ Sagasta, 11, 1º, 28004 Madrid	35	7,397	-	5,650	856	377	4,987
Europortal Jumpy España, S.A. C/ María Tubau, 3, 28050 Madrid	50	11,430	-	1,011	(922)	(736)	11,430
OTHER INVESTMENTS							
Comeradisa Plza. Marqués Salamanca, 3, 28006 Madrid	10	601	451	6,011	(754)	(261)	102
		91,185	616				18,013

(*) Unaudited figures

The aforementioned companies are not publicly listed and their corporate purpose is that of a communications businesses; the corporate purpose of Publiespaña, S.A.U., the company's most significant investment, is that of an advertising agency and it holds the exclusive concession to all advertising broadcast by Telecinco.

On 1 April 2004, Gestevisión Telecinco, S.A. sold its stakes (0.01%) in Agencia de Televisión Latinoamericana de Servicios y Noticias Galicia, S.A., Agencia de Televisión Latinoamericana de Servicios y Noticias Andalucía, S.A. and Agencia de Televisión Latinoamericana de Servicios y Noticias Levante, S.A. to Agencia de Televisión Latinoamericana de Servicios y Noticias Cataluña, S.A.U. at book value.

8. Inventories

The entire amount of this balance corresponds to advanced payments made to programming suppliers.

9. Loans to Group and associated companies and third parties

The balances between Group, associated and related companies as of 31 December 2004 are as follows:

(Thousands of euros)	Debtor	Creditor
Publiespaña, S.A.U.	144,087	119,406
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	1,097	26,001
Grupo Editorial Tele 5, S.A.U.	79	6,033
Estudios Picasso Fábrica de Ficción, S.A.U.	122	-
Publimedia, S.A.U.	722	-
Aprok Imagen, S.L.	-	161
Canal Factoría de Ficción, S.A	352	-
Micartera Media, S.A.U.	51	-
Atlas Media, S.A.U.	24	1
Agencia de Televisión Latinoamericana de Servicios y Noticias País Vasco, S.A.U.	7	18
Europortal Jumpy España, S.A	54	1
Publieci Televisión, S.A.	17	-
Cinematext Media, S.A	38	350
Fininvest S.p.A.	-	97
Mediaset, S.p.A.	-	45
Total	146,650	152,113

The creditor balance includes financial debt relating to credit extended to Publiespaña, S.A.U. and Grupo Editorial Tele 5, S.A.U. (Note 15)

The line items "Customer receivables for services" and "Payables for goods and services" include accounts receivable and payable between the parent company and Grupo Vocento, for amounts of €152 and €11,889 thousand, respectively.

10. Short term financial investments

The following line items are included under "Short term deposits and securities":

(Thousands of euros)	Balance
Short term securities portfolio	68,826
Short term deposits	176,675
Total	245,501

They correspond mainly to short term fixed-income investments at market interest rates and which mature in 2005.

89

The following line items are included under "Loans to Group and associated companies":

(Thousands of euros)	Balance
Short term credit with Cinematext Media, S.A.	274
Tax credits (Note 17)	3,929
Current account with Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U.	4,552
Current account with Micartera Media, S.A.U.	27
Current account with Estudios Picasso Fábrica de Ficción, S.A.U.	11,183
Short term credit with Europortal Jumpy, S.A.	679
Other	20
Total	20,664

11. Financial instruments

The company uses financial instruments to hedge exchange risk arising from the acquisition of audiovisual property rights throughout the year.

Hedging transaction conditions outstanding at 31 December 2004 were as follows:

Fiscal year	Year of maturity	Instrument	Amount in USD	Average (Euro/USD)
2004	2005	Exchange rate	12,102,775	1.2279

During the year, after hedging existing contractual commitments, unplanned changes to these commitments occurred such that at year end the company was over-hedged by USD 2,168 thousand. At the time of preparing the current financial statements, this over-hedging had been partially applied to payments made in 2005, and the remaining balance had been sold.

12. Shareholders' equity

Balances and movements during the year recorded under shareholders' equity stand as follows:

90

(Thousands of euros)	Balance 31.12.03	Dividends	Capital increase	Paid-in capital
Subscribed capital	92,521	-	31,005	-
Paid in capital	-	-	-	37,023
Legal reserve	18,505	-	-	-
Treasury stock reserve	-	-	-	-
Reserve for redenomination of capital stock in euros	2	-	-	-
Voluntary reserves	207,159	(134,199)	-	-
Restricted reserve	-	-	-	-
Retained earnings	81,808	(81,808)	-	-
Total shareholders' equity	399,995	(216,007)	31,005	37,023

(Thousands of euros)	Capital reduction	Treasury shares	Retained earnings	Balance 31.12.04
Subscribed capital	(205)	-	-	123,321
Paid in capital	-	-	-	37,023
Legal reserve	-	-	-	18,505
Treasury stock reserve	-	114	-	114
Reserve for redenomination of capital stock in euros	-	-	-	2
Voluntary reserves	-	(114)	-	72,846
Restricted reserve	205	-	-	205
Retained earnings	-	-	186,620	186,620
Total shareholders' equity	-	-	186,620	438,636

Capital stock

At the parent company's General Shareholders' Meeting held on 29 March 2004 the decision was taken to increase the group's shareholder capital by €31,005 thousand, with additional paid-in capital of €225,154 thousand through the issuance of 5,159,000 registered shares, each with a nominal value of €6.01. The consideration for this capital increase and the related additional paid-in capital consists of the non-monetary contribution to Gestevisión Telecinco, S.A. of all the shares of Publiespaña, S.A. by the latter's shareholders.

Publiespaña, S.A. shares were contributed to Gestevisión Telecinco, S.A. at the net book value of the holding in Publiespaña, S.A. owned by the shareholders making the contribution. The difference between this amount and Publiespaña, S.A.'s equity as of the date of the transaction would have given rise to goodwill amounting to €188,131 thousand. On 3 June 2004, a decision was taken at the Extraordinary Shareholders' Meeting to eliminate this, and, for this purpose, it was resolved to change the method used to book the acquisition of Publiespaña to reflect its underlying book value as of 31 March 2004, such that definitive paid-in capital totals €37,023 thousand. Given that both companies had common shareholders with equal shareholdings, the capital increase did not modify the stakes held by the company's shareholders.

In order to register this non-monetary contribution, pursuant to Article 231 of the revised Corporations Law, it was valued by an independent appraiser. This transaction has been registered at the Madrid Mercantile Registry.

At the same company General Shareholders' Meeting it was agreed to reduce capital by €205 thousand with the aim of rounding up the nominal value of the shares. This reduction in shareholders' equity was implemented by creating a restricted reserve account in an amount equivalent to the reduced nominal share value. In addition, a reduction in the book value of the company's shares from €6 to €0.5 per registered share was approved.

As of 31 December, 2004, the company's capital stock consisted of 246,641,856 shares with a book value of €0.5 each, represented by a book-entry system. The capital stock is fully subscribed and paid up and the breakdown of ownership is as follows:

Shareholder	Ownership %
Mediaset Investment, S.A.R.L.	27
Mediaset, S.p.A.	25
Corporación de Nuevos Medios Audiovisuales, S.L.U. (Grupo Vocento)	13
Free float	35
Treasury stock	-
Total	100

Mediaset, S.p.A. and Corporación de Nuevos Medios Audiovisuales, S.L.U. have informed the Spanish securities commission, the CNMV, of the existing inter-company agreements between them and the company.

All the shares making up the company's capital stock enjoy similar rights.

Share transfers are governed by the Private Television Act dated 3 May.

92

Stock market listing

In accordance with the resolution approved at the General Shareholders' Meeting held on 29 March 2004, and upon completion of the necessary legal and administrative procedures, Gestevisión Telecinco, S.A. was publicly listed on 24 June 2004. The company's shares are traded on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

Dividends

On 29 March 2004, a €81,808 thousand dividend payment charged to 2003 earnings was approved at the General Shareholders' Meeting. This dividend was fully paid out in the first half of 2004.

On 20 May 2004, an extraordinary dividend payment of €134,199 out of unrestricted reserves was approved at the company's General Shareholders' Meeting. This extraordinary dividend was fully paid out in the first half of 2004.

Legal reserve

In accordance with Spanish Corporations Law, 10% of income must be allocated to the legal reserve to bring this up to at least 20% of capital stock. This legal reserve was already fully covered by 31 December 2003, but as a result of the capital increase carried out during 2004, the company must make a further income allocation to this reserve, reflected in its proposed distribution of earnings.

Treasury stock:

Treasury stock was acquired in order to cover the requirements of the company's management stock option plan, as well as the free employee share distribution plan approved at the General Shareholders' Meeting on 20 May 2004 in conjunction with the IPO. These respective plans are detailed in Note 19.

Movement in Treasury stock over the year stands as follows:

(Thousands of euros)	Balance 31.12.03	Additions	Disposals	Balance 31.12.04
Treasury stock	-	10,264	(10,150)	114

The company acquired 1,011,231 shares at a price of €10.15 per share (IPO price) for a total amount of €10,264 thousand. The aforementioned amount was allocated to the corresponding mandatory restricted reserve, in accordance with Article 79 of the revised Companies Act.

Subsequently, the treasury stock was used to execute the free share distribution plan in its entirety, and the management stock option plan almost entirely, such that at 31 December 2004, only 11,250 shares relating to this plan still had to be distributed before 2007.

13. Provision for contingencies and expenses

This includes provisions made in 2004 to hedge, among other items, contingencies arising from litigation in progress, unresolved tax assessments and future third-party liabilities.

Changes in the provision for contingencies and expenses for the year are detailed below:

(Thousands of euros)	Balance 31.12.03	Provision	Payment	Releases	Balance 31.12.04
Provision for contingencies and expenses	40,023	19,391	(842)	(3,004)	55,568

The releases figure includes €2,586 thousand recorded as extraordinary income.

The provision is included in extraordinary expenses in the income statement for the year and relates to hedging possible risks relating to the provision for contingencies arising from unresolved litigation.

Since 2001, Gestevisión Telecinco, S.A. has booked provisions for possible litigation with intellectual property rights management entities, which have either filed suits against the company for their right to receive remuneration for use of their respective catalogues or have made claims for payment of their respective fees.

The company has reached agreement with some of these entities. Other suits are still pending in various jurisdictions, either because the company does not recognise the right being claimed, or due to claims for management fees in relation to the differing degrees of usage of their respective catalogues.

94

In these instances, the company has made a series of provisions, included in this line item, based on its best judgment of the settlement amount.

Gestevisión Telecinco, S.A. has made provisions in connection with litigation and arbitration proceedings for an approximate amount of €35,982 thousand.

14. Other accounts payable

a) Other long term payables

Changes in this line item during 2004 stand as follows:

(Thousands of euros) Initial amount	Additions	Reclassification short term	Repayment	Total
3,217	1,215	(551)	(492)	3,389

This amount is made up of:

- A refundable advance of €1,552 thousand granted by the Science and Technology Ministry in 2002 with the following terms:
 - 7-year maturity
 - 2-year grace period
 - Interest rate: 0%

- An interest-free soft loan for €972 thousand, of which €350 thousand was paid out in 2004, granted to the company by the Centre for Industrial Technology Development (CDTI) under the following conditions:
 - 4-year maturity
 - 2-year grace period
 - Interest rate: 0%

- A refundable advance of €503 thousand granted by the Science and Technology Ministry in 2004 with the following terms:
 - 7-year maturity
 - 2-year grace period
 - Interest rate: 0%

- A refundable advance of €362 thousand granted by the Science and Technology Ministry in 2004 with the following terms:
 - 7-year maturity
 - 2-year grace period
 - Interest rate: 0%

15. Credits and payables to financial entities and Group and associated companies

The detail of the financing terms with regard to established limits, available balances and maturities, bearing in mind the existing relationship with the company, is as follows:

Credits:

(Thousands of euros) Link	Short term limit	Drawn down (Dr) Cr	Long term limit	Drawn down (Dr) Cr	Maturity
Associated and related companies	6,320	679	1,725	1,725	2007
Group companies	24,262	16,035	-	-	
Total	30,582	16,713	1,725	1,725	

The interest rates on these credits (excluding the preference loan) are Euribor plus a 0.5% to 0.6% spread.

Financing to Group companies corresponds mainly to reciprocal credit policies, while that provided to associated and related companies consists primarily of credit policies or trade loans.

Loans:

(Thousands of euros) Link	Short term limit	Drawn down (Dr) Cr
Financial entities	78,020	-
Group companies	206,010	122,559
Total	284,030	122,559

The interest rates on these loans range from Euribor to Euribor plus a market spread.

In 2004, four new lines of credit were signed for a total amount of €66,000 thousand and an existing line for €12,020 thousand was renewed.

16. Public authorities

The breakdown of this line item as of 31 December 2004 is as follows:

	Thousands of euros
Taxes payable	
Value added tax	7,468
Corporate income tax payable to Spanish tax authorities (Note 17)	10,102
Personal income tax	2,781
Accrued social security taxes	737
Other public entities	529
Total	21,617
Tax receivables	
Prepaid corporate income tax	693
Tax refund due from Spanish tax authorities	1,401
Total	2,094

17. Tax issues

The reconciliation of the difference between reported income for the consolidated group for tax purposes and the corporate income tax base for these companies is set out below:

(Thousands of euros)	Base	35% share and deductions	Tax expense
Reported income before taxes	247,281	86,549	86,549
Reported income from equity affiliates participating in tax consolidation	12,728	4,455	-
Permanent differences			
Fines and non-deductible expenses	14	5	5
Elimination of inter-company dividends	(1,076)	(378)	(378)
Fines and non-deductible expenses at equity affiliates participating in tax consolidation	6	2	-
Long term timing differences	(2,764)	(967)	(967)
Short term timing differences	(7,262)	(2,542)	-
Timing differences at equity affiliates participating in tax consolidation	(98)	(34)	-
Tax loss carry forwards from previous years	(1,115)	(390)	-
Tax credits			
Dividends	-	(10,561)	(10,561)
Program production	-	(13,219)	(13,219)
Other equity affiliates participating in tax consolidation	-	(100)	-
Other	-	(217)	(217)
Tax withholdings and prepayments	-	(52,501)	-
CONSOLIDATED TAX BASE	247,714	-	-
TOTAL AMOUNT TO BE PAID		10,102	-
CORPORATE INCOME TAX BEFORE ADJUSTMENTS			61,212
Adjustments for taxes on profits			(574)
Tax on foreign earnings			23
CORPORATE INCOME TAX EXPENSE FOR THE YEAR			60,661

A deferred tax asset was recognised for 35% of the timing differences that are expected to reverse over the short to medium term and where there are no doubts as to the company's ability to generate sufficient earnings to offset the losses.

Net loss carry forwards from previous fiscal years at Mi Cartera Media, S.A.U. were applied to consolidated earnings for the calculation of corporate income tax.

Corporate income tax credits were generated with the following companies:

	Thousands of euros
Grupo Editorial Tele 5, S.A.U.	1,196
Estudios Picasso Fábrica de Ficción, S.A.U.	47
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	2,515
Atlas Media, S.A.U.	171
	<u>3,929</u>

The amount of income qualifying for the tax credit established in Article 42 of Royal Decree Law 4/2004, dated 5 March, which approved the revised text of the Corporate Income Tax Law, generated by a land swap, is €3,128 thousand, which was reinvested on 17 March 2003.

On 29 June 1995, the Spanish tax authorities began an audit and inspection of the following items and periods:

Item	Period
Corporate income tax	1989-90-91-92-93
Value added tax	1990-91-92-93-94
Personal income tax withholdings and prepayments	1990-91-92-93-94
Withholdings from income from movable capital	1990-91-92-93-94
Annual declaration of third-party transactions	1989-90-91-92-93
Non-residents income tax (form 210)	1990-91-92-93-94
Transfer and stamp tax	1990-91-92-93-94
Gaming tax	1992-93-94-95-96

Subsequently, the inspection period was extended to include 1995 for all the aforementioned taxes, not originally included for all tax items.

The Spanish tax authorities carried out the inspection between December 1996 and February 1997. This resulted in the imposition a fine of €13,373 thousand. The group filed its disagreement with this finding and subsequently appealed against the fine.

To date, the company has not received notification of the potential additional assessment for 1995 corporate income tax, so the definitive amount arising from this assessment is still not known.

An overall provision for the contested assessment was booked under provisions for contingencies and expenses (Note 13) and the company posted a corresponding bond for €9,381 thousand (Note 18).

In accordance with current tax legislation, tax payments will not be considered definitive until they have been inspected by the tax authorities or the corresponding 4-year period has prescribed. At the date these financial statements were prepared, its complete tax returns are open to inspection for 2001 and beyond, as is its corporate income tax return for fiscal year 2000.

18. Guarantee commitments to third parties and other contingent liabilities

The breakdown of guarantees as of 31 December 2004 by class of guarantee is shown below:

Nature of guarantee	Amount (Thousands of euros)
Collateral for contracts, concessions and tenders	12,854
Legal guarantees	27,124
	<u>39,978</u>

99

Within the first category of guarantees, there is a three-year bond totalling €6,010 thousand that guarantees the liabilities arising from the concession to indirectly manage public service television, in accordance with Law 107/1988, dated 3 May, and a General Secretariat of Communications Resolution dated 25 January 1989. That concession was renewed for another ten years by the decision of the Spanish Cabinet on 10 March 2000, made public through a General Secretariat of Communications Resolution of the same date and published in the Official State Gazette (B.O.E.) on 11 March 2000.

The company has provided guarantees in an amount totalling €2,518 thousand to the Directorate-General for the Development of the Information Society (Science and Technology Ministry) for an indefinite period to guarantee the refundable advance granted by that Directorate-General to the company as aid for research and development in the project entitled "Research and development to improve and expand the current management system and applications to adapt work processes to new technological tools and their integration with the digital archive".

The legal guarantees correspond to €9,381 thousand (see Note 17) in connection with liabilities that may arise from the legal proceedings initiated as a result of the court decision taken on 1 June 1998; no significant additional company contingent liabilities are expected to arise. In addition, the company provided a new €17,743 thousand guarantee in connection with the issues described in Note 13.

19. Stock option plan and employee stock participation plan

In conjunction with the IPO, the company's shareholders approved a stock option plan for management at its Extraordinary General Shareholders' Meeting on 20 May 2004 as well as cost-free employee company share distribution plan, both conceived to motivate and retain the loyalty of Grupo Telecinco's senior management and employees. These two remuneration systems are summarised below:

1) The Extraordinary General Shareholders' Meeting approved the distribution of company shares without cost to company employees (hereafter "Employee Stock Participation Plan"). The company was required to distribute the shares to the beneficiaries of the Employee Stock Participation Plan within a maximum timeframe of 30 days following the completion of three months of trading by the company's shares.

2) The Extraordinary General Shareholders' Meeting approved a stock option plan for the Group's board members, executives and senior management, linked to the performance of the company's shares (hereafter "Stock Option Plan"). The Stock Option plan provides motivating, variable compensation as a function of the performance of the company's shares by granting management options on said shares. The strike price for the options is equal to the offering price in the Spanish retail tranche of the IPO, i.e., €10.15 per share. The Stock Option Plan has a duration of five years.

Subsequently, the Employee Stock Option Plan was executed in its entirety, and the management Stock Option Plan was almost fully executed, the shares being provided from treasury stock such that at 31 December 2004, only 11,250 shares were still to be distributed in connection with the second plan. The expense incurred by the company in connection with the Employee Stock Participation Plan totalled €716 thousand, and was recorded as personnel expenses in the 2004 financial statements.

20. Revenues and expense

1. The breakdown of net revenues corresponding to the company's ordinary activities is as follows:

Line of business	Thousands of euros
Advertising revenues	643,022
Services rendered	16,669
Other	257
Total	659,948

2. The company's most important customer remains Publiespaña, S.A.U. Revenues from this customer, which amounted to €642,557 represent approximately 97% of the company's total revenue figure.

3. Transaction volumes in foreign currency related to the acquisition of audiovisual property rights and distribution rights totalled USD54 million.

4. Trade receivables for sales and services include €155 thousand denominated in US dollars.

€11,499 thousand of the account payable for fixed asset acquisitions are denominated in US dollars.

5. The average number of company employees during 2004 by professional category is as follows:

Managers	47
Supervisors	63
Technicians	489
Clerical staff	124
Other	36
Total personnel	759

101

Average personnel "per project" stands at 24.

Personnel expenses for 2004 break down as follows:

	Thousands of euros
Wages and salaries	37,433
Social security	7,198
Employee welfare expenses	1,886
Total	46,517

6. The breakdown of the "Variation in operating allowances" account balance at year end, including an allowance for contingencies, is as follows:

	Thousands of euros
Provisions	673
Paid out	(1,229)
Total	(556)

7. Extraordinary losses

The breakdown of extraordinary expenses is as follows:

	Thousands of euros
Provision for contingencies	19,391
Other	2,162
Total	21,553

The “Other” caption mainly relates to IPO expenses incurred by the company.

21. Group and associated company transaction

The most significant transactions made between the company and Group and associated companies, in thousands of euros, are shown below:

	Publiespaña, S.A.U. (Group company)	Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U. (Group company)	Grupo Editorial Tele 5, S.A.U. (Group company)	Multipark, S.A. (Associated company)
Sales	646,337	2,598	251	-
Purchases	437	51,396	354	-
Dividends	30,000	-	1,000	175
Total	676,774	53,994	1,605	175

During 2004, the company recorded inter-company sales and purchases with subsidiaries of Grupo Vocento to the amount of €389 and €53,029 thousand, respectively.

22. Other information

1. Directors' compensation. In 2004 the company paid its Board members salaries and in-kind compensation totalling €1,804 thousand. The Board members have not been granted any advances or loans and there are no obligations or guarantees to them in relation to pensions or in any other connection.

The Board of Directors granted 122,000 options to the company's Board members.

Each option granted carried the right to purchase one company share. All the options granted to the Board of Directors had been exercised by the year end.

The strike price for each option was €10.15, equal to the parent company IPO offering price.

2. Breakdown of involvement with companies engaging in similar activities and the directors' involvement in similar activities either on their own account or on behalf of others.

Pursuant to Article 127 of the Spanish Corporations Law, it is hereby stated that as of 31 December 2004, Giuseppe Tringali, Paolo Vasile, Giuliano Adreani, José Ramón Álvarez Rendueles, Pier Silvio Berlusconi, Fedele Confalonieri, Ángel Durández Adeva, Marco Giordani, Miguel Iraburu Elizondo, Alfredo Messina and Borja de Prado Eulate, members of the Board of Directors of GESTEVISIÓN TELECINCO, S.A., have not held and do not currently hold any ownership interests in companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the GESTEVISION TELECINCO, S.A.'s corporate purpose.

103

Alejandro Echevarría Busquet:

Investee	Line of business	Ownership interest	Functions
Vocento, S.A.	Communications	0.1752%	Director/Chairman's assistant
Sociedad Vascongada de Publicaciones, S.A.	Newspaper publishing	0.1072%	Director
Diario ABC, S.L.	Newspaper publishing	0.0002%	Director

José M^a Bergareche Busquet:

Investee	Line of business	Ownership interest	Functions
Vocento, S.A.	Communications	0.3383% (direct)	Executive Deputy Chairman and CEO
Vocento, S.A.	Communications	1.5964% (indirect)	Executive Deputy Chairman and CEO
Sociedad Vascongada de Publicaciones, S.A.	Newspaper publishing	0.2779% (direct)	First Deputy Chairman

In accordance with the above, the following is a schedule of the of the activities carried out by the company's Directors as of 31 December 2004, either on their own account or on the account of others, in companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the GESTEVISION TELECINCO, S.A.'s corporate purpose:

Alejandro Echevarría Busquet:

Name	Line of business	Arrangement under which the activity is performed	Company through which the activity is performed	Position or function at the company in question
Corporación de Medios				
Radiofónicos Digitales, S.A.	Digital radio	Own account	-	Chairman
Diario El Correo, S.A.	Newspaper publishing	Own account	-	Director
Editorial Cantabria, S.A.	Newspaper publishing	Own account	-	Director
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	News agency	Own account	-	Chairman
Publiespaña, S.A.U.	Advertising agency	Own account	-	Chairman

Paolo Vasile:

104

Name	Line of business	Arrangement under which the activity is performed	Company through which the activity is performed	Position or function at the company in question
Multipark Madrid, S.A	Marketing and production of TV theme channels	Account of others	Gestevisión Telecinco, S.A.	Director
Corporación de Medios				
Radiofónicos Digitales, S.A.	Radio Digital	Own account	Gestevisión Telecinco, S.A.	Director

Giuliano Adreani:

Name	Line of business	Arrangement under which the activity is performed	Company through which the activity is performed	Position or function at the company in question
R.T.I. – Reti Televisive Italiane S.p.A.	Television operator	Own account	-	CEO

José M^a Bergareche Busquet:

Name	Line of business	Arrangement under which the activity is performed	Company through which the activity is performed	Position or function at the company in question
Diario ABC, S.L.	Newspaper publishing	Own account	-	Director
Diario El Correo, S.A.U.	Newspaper publishing	Own account	-	Director
Radio Publi, S.L.	Radio	Own account	-	Chairman

Pier Silvio Berlusconi:

Name	Line of business	Arrangement under which the activity is performed	Company through which the activity is performed	Position or function at the company in question
R.T.I. – Reti Televisive Italiane S.p.A	Television operator	Own account	-	Chairman/CEO

In accordance with the above, we hereby state that Giuseppe Tringali, José Ramón Álvarez Rendueles, Fedele Confalonieri, Ángel Durández Adeva, Marco Giordani, Miguel Iraburu Elizondo, Alfredo Messina and Borja de Prado Eulate, have not and do not carry out activities, either on their own account or on account of others, in companies engaging in business activities that are identical, similar or complementary to the activity that constitutes GESTEVI-SION TELECINCO, S.A.'s corporate purpose.

3. €60 thousand in fees for financial audit services related to the company's financial statements are included in the Independent Professional Services balance in the "External services" line item in the profit and loss statement.

Fees for other professional services provided by its main auditor amounted to €653 thousand in 2004, mainly in connection with the company's IPO.

23. Subsequent events

In its meeting on 13 December 2004, the Technical Advisory Committee to the Ibex stock indices determined to include Gestevisión Telecinco, S.A. in said index in accordance with the Committee's Technical Composition and Calculation Standards, starting on 3 January 2005 and applying a weighting of 60%.

24. Cash flow statement for fiscal 2004 and 2003

Uses of funds (Thousand of euros)	2004	2003
Share capital increase expenses	88	-
Purchases of fixed assets		
Intangible assets	128,962	139,834
Tangible assets	8,259	13,782
Financial investments	68,146	447
Acquisition of treasury shares	10,264	-
Capital reduction	205	-
Dividends	216,007	17,396
Restatement of long term debt to short term debt	1,043	-
Cancellation of contingencies and expenses	842	841
Voluntary reserves	114	-
Total uses of funds	433,930	172,300
Increase in working capital	19,072	120,305
Sources of funds	2004	2003
Operating income	367,987	281,328
Capital increase	31,005	-
Paid in capital	37,023	-
Exchange gains	-	(638)
Increase in long term debt	1,217	785
Asset disposals		
Intangible assets	2,751	2,109
Tangible assets	21	8,172
Financial investments	2,186	849
Treasury stock transactions	10,183	-
Restatement of long term financial investments to short term	310	-
Reduction in reserves	205	-
Treasury stock reserve	114	-
Total sources of funds	453,002	292,605

(Thousands of euros) Change in working capital	2004		2003	
	Increase	Decrease	Increase	Decrease
Inventories	32	-	-	149
Receivables	26,843	-	11,361	-
Payables	-	12,988	-	346
Short term financial investments	4,613	-	128,599	-
Cash	547	-	-	20,936
Accrual accounts	25	-	1,776	-
Total	32,060	12,988	141,736	21,431
Change in working capital	-	19,072	-	120,305

Adjustments to income for 2004 and 2003

	2004	2003
Net profit for the year	186,620	81,808
Depreciation and amortisation of fixed assets	173,097	187,477
Extraordinary losses	-	1,694
Losses on asset sales	145	1,411
Income from treasury stock transactions	(33)	-
Variation in fixed asset allowances	(6,243)	5,772
Provisions for contingencies and expenses	19,391	3,247
Overprovision for contingencies and expenses	(3,004)	-
Gains on sales of fixed assets	(1,986)	(81)
Cash flows from operating activities	367,987	281,328

Mr. Alejandro Echevarría Busquet

Mr. Giuseppe Tringali

Mr. Paolo Vasile

Mr. Giuliano Adreani

Mr. José Ramón Álvarez Rendueles

Mr. José M^a Bergareche Busquet

Mr. Pier Silvio Berlusconi

Mr. Fedele Confalonieri

Mr. Ángel Durández Adeva

Mr. Marco Giordani

Mr. Miguel Iraburu Elizondo

Mr. Alfredo Messina

Mr. Borja de Prado Eulate

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

Management Report for the year

ended 31 December 2004 (Thousands of euros)

A RECORD YEAR WITH THE IPO AS HIGHLIGHT

2004 marked an extraordinary year for Telecinco due to the coincidence of three fundamental factors in the television business: record audiences, record earnings and a successful IPO crowned by the company's inclusion in the select Ibex-35 index. As a result, 2004 was without a doubt Telecinco's best year since it began its journey in commercial television in 1990.

The audience share constitutes a milestone in itself, as it is the first time a private free-to-air broadcaster has outperformed the Spanish public channel, TVE 1. Secondly, the company recorded its highest ever advertising revenue and best ever operating and net income. Finally, the IPO of parent company, Gestevisión Telecinco S.A., was a resounding success with the shares posting a spectacular performance since their debut on 24 June (up 50% through 31 December 2004).

108

FAVOURABLE ECONOMIC ENVIRONMENT

The Group's 2004 earnings were recorded against a generally benign economic backdrop: in Spain, GDP increased by 2.7% for the year (2.5% in 2003), private consumption grew 3.6% and public consumption rose 4.5%. However, inflation was slightly higher than forecast at the end of the year (3.2%).

The advertising market (all media) grew by 6.9% in 2004, while the television advertising market (national and regional) grew 15%.

MOST SUCCESSFUL IPO ACCORDING TO ANALYSTS

When Telecinco's Board took the decision to float 35% of the company on the stock exchange, it never dreamed that by year end, just a few months after listing, the security would be knocking on the door of the select Ibex-35 index. It entered the ranks of this index on 3 January 2005. According to the analyst community, the Telecinco IPO was one of the most successful of recent years.

Following the review of its Offering Memorandum by the CNMV, Telecinco's shares made their debut on the stock markets on 24 June at €10.15 per share. Telecinco's profitable history as a leader in television advertising generated excess demand for its shares.

After the listing, the stock's value rose spectacularly. On 30 December, the last working day of the year, Telecinco's shares were trading at €15.18, representing an increase of 50% since the IPO.

In addition to the great expectation surrounding Telecinco's listing, the fact that the offering was oversubscribed and performed so well in the aftermarket, its consistent trading volume made it once of the most liquid stocks on the Spanish stock exchange.

Its admission to the select IBEX-35 index at the end of the year boosted the stock even further.

AUDIENCE LEADERSHIP AND SUCCESSFUL INNOVATIVE PROGRAMMING

109

Telecinco ended the year as the country's most watched TV channel in terms of overall 24h viewership, with an audience share of 22.1% according to Sofres, 0.7 points ahead of Antena3 and 1.4 points ahead of TVE 1.

This marks the first time in Spanish television history that the state channel has lost its leadership position. Telecinco is also audience leader (another historic milestone) in prime time, representing peak viewer time slots and consequently those preferred by advertisers. Within prime time, the most competitive hours are between 9pm and midnight; Telecinco had a 23.1% share of this time slot.

In terms of target audience (the qualitative portion of audience which is most valued by advertisers), Telecinco was leader again this year, both in overall 24h viewership (25.2% vs. 24.5% in 2003), as well as in the rest of the time slots, especially prime time (27% vs. 26.3% in 2003).

These excellent audience figures were topped off by the innovative and successful sales policy adopted by Publiespaña S.A.U. (the advertising division), the Group's main source of revenues, which posted a sharp increase in advertising revenue.

EXCEPTIONAL EARNINGS RESULTS

The company's net operating revenues grew 22.95% yoy, from €564.4 million in 2003 to €694 million in 2004, due to the increases in audience share already highlighted, the innovative advertising strategy pursued by Publiespaña and the strong overall performance of the advertising market in 2004.

Telecinco continued to pursue a cost containment policy, an integral part of the company's business strategy, rendering audience figures all the more remarkable. In 2004, operating costs (net of the impact of Capitalised expense from in-house work on fixed assets) increased 3.0%, (or by €13.2 million) which, combined with the increase in net revenues, led to a 96.12% increase in operating income to €299 million for the year, despite the IPO transaction costs which amounted to €2.8 million, representing 0.6% of total operating costs.

The company recorded net profit of €186.6 million, representing a yoy increase of 128%.

110

The business mix did not change significantly during the year with advertising still contributing the lion's share of revenues.

SHAREHOLDERS' EQUITY AND DIVIDENDS

In order to reorganise its capital structure ahead of the IPO, the company carried out a capital increase in 2004 of €31,005 thousand (with final additional paid-in capital of €37,023 thousand), acquiring in exchange all the shares of Publiespaña S.A.U. in a non-monetary contribution, which was valued at the latter's net book value as of 31 March 2004.

During the year the company distributed total dividends of €216 million to its shareholders, of which €134.2 million were paid in the form of an extraordinary dividend and the remainder (€81.8 million) took the form of an ordinary dividend charged against 2003 earnings.

CAPEX; NATIONAL FICTION DOMINATES

Once again, the Group's policy in 2004 regarding investment in audiovisual rights was to try to produce the TV programming necessary to maintain the channel's audience shares and maximise advertising revenues, all at reasonable cost.

In line with the trends experienced in prior years, the company's audiovisual rights investment policy reflected generalist TV viewers' declining appetite for foreign cinema and their preference for national fiction, a trend which was underscored in 2004.

Regarding other investments in technical equipment, the necessary investment was made throughout the year in the replacement, renovation and renewal of these assets so as to ensure that Telecinco's technology is in perfect condition to contribute to the productive process.

111

FINANCIAL POSITION

At year end, there was once again virtually no financial debt on the company's balance sheet, while its net cash position stood at €246 million, i.e. only €6 million less than at the end of 2003.

DIGITAL RESEARCH AND DEVELOPMENT

Grupo Telecinco enjoys a clear track record of technological innovation since 1998 when it created the country's first digital editorial, an activity which was subsequently complemented by establishing the channel's digital audiovisual archive, such that today around 80% of Telecinco's activities are digitalised.

In addition, all the company's sets have been recently fully renovated.

This vocation for technical and technological renewal is further evidenced by its participation in several research projects in the field of digital development which may be subsequently applied in the company's operating processes.

These efforts have been partially funded with financial aids granted by the National Program for Information and Communications Society and the Centre for Industrial Technology Development (CDTI).

SOCIAL RESPONSIBILITY

The notion of social responsibility takes on a special importance in the case of a company like Telecinco, a communications medium with the ability to influence and create public opinion. Telecinco wishes to use this influence to sensitise Spanish public opinion to certain issues and to promote solidarity.

This was the rationale behind the project started five years ago entitled “12 months, 12 causes” which consists of broadcasting 12 institutional campaigns, one each month, so over the course of the year the channel broadcasts a variety of spots targeting social consciousness. These campaigns are reinforced by reports, special programs and even by events in the channel’s series.

112

In 2004 Telecinco boosted the social dimension of this initiative by creating Telecinco Prizes for “12 months, 12 causes”. The first prize ceremony rewarded the work and track record of the individuals and companies which have made the greatest contributions to peace, development and solidarity.

Telecinco signed various agreements to collaborate in the areas of drug addiction, tobacco addiction and health education with the Ministries for Work and Social Affairs, Health and Internal Consumption, by broadcasting a series of institutional campaigns. In addition, there is a collaboration agreement in place with the Audiovisual Council of Catalonia to signal all programming broadcast during the hours affording protection to children.

Program subtitling on page 888 of Telecinco’s teletext represents additional value created by the broadcaster in terms of social responsibility towards its viewers.

Looking inside the company, Telecinco focused on the overall development of its employees in 2004, both from a professional and personal perspective. This commitment materialised in the form Human Resources strategies for training programs, special discounts on external services and modern and innovative internal communication tools, among other initiatives.

In order to enhance its work environment, Telecinco strengthened its health and safety policies in 2004, by means of the Risk Prevention Service, which applies proactive policies for the prevention of work-related accidents in collaboration with the workers' representatives and on-site medical assistance.

BUSINESS OUTLOOK

In 2005 the company will continue to focus on reinforcing and consolidating Telecinco's leadership position in Spanish media, the result of its ability to attract the most commercially valuable audience, its commitment to ongoing innovation in advertising products so as to maximise revenues, its high profit margins and ability to generate cash flow.

In addition, the company will continue to control operating costs in order to further enhance its operating margins.

The group was already implementing this strategy before it was listed and plans to continue to do so now that it is a member of the Ibex-35 in the belief that continued focus on these strategy and business targets will create value for shareholders.

We will also continue to participate in and promote business lines (SMS, merchandising, sales of broadcasting rights, Internet) believed to be highly complementary to the channel's core business, with the target of increasing their contribution to overall Group sales.

Finally, the company is committed to participating directly, and as a function of public license tender activity on a national, regional and local basis, in as many terrestrial digital television business opportunities as may arise, an activity which Telecinco considers strategic to its future growth.

TREASURY STOCK

During the year the parent company purchased treasury stock in order to meet the requirements arising from the decision taken at the Extraordinary General Shareholders' Meeting on 20 May 2004 to establish a stock option plan for management as well as a cost-free employee stock distribution plan.

The number of shares required to cover both the stock option and stock distribution plans totalled 1,011,231. These shares were acquired at €10.15 per share for a total amount of €10,264 thousand.

At year end, upon completion of the stock distribution and management stock option plans (the latter almost in its entirety), the company still held 11,250 treasury shares which will be used to cover the portion of the stock option plan which has yet to be executed.

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