Audit Report

GESTEVISIÓN TELECINCO, S.A.
Financial Statements and Management Report
for the year ended
December 31, 2009

AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Free translation from the original in Spanish)

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

We have audited the consolidated financial statements of Gestevisión Telecinco, S.A., which consist of the consolidated statement of financial position at December 31, 2009, the consolidated separate income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto for the year then ended, the preparation of which is the responsibility of the directors of the company. Our responsibility is to express an opinion on the aforementioned financial statements taken as a whole, based upon work performed in accordance with auditing standards generally accepted in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the financial statements, and the evaluation of their presentation, of the accounting principles applied, and of the estimates made.

In accordance with Spanish mercantile law, for comparative purposes the parent company´s directors have included for each of heading included in the consolidated statement of financial position, consolidated separate income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and the notes thereto, in addition to the figures of 2009, those of 2008. Our opinion refers only to the consolidated financial statements for 2009. Our auditors' report dated 24 February 2009, on the consolidated financial statements for 2008, contained an unqualified opinion.

In our opinion, the accompanying 2009 financial statements give a true and fair view, in all material respects, of the equity and financial position of Gestevisión Telecinco, S.A. at December 31, 2009 and the results of its operations, changes in equity and cash flows for the year then ended, and contain the required information necessary for their adequate interpretation and understanding, in conformity with the International Financial Reporting Standards adopted by the European Union,which are consistent with those applied in the previous year.

The accompanying 2009 consolidated management report contains such explanation as the parent company´s directors consider appropriate concerning the situation of Gestevision Telecinco, S.A and its subsidiaries, the evolution of the business and other matters, and is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the consolidated management report mentioned above agrees with the 2009 consolidated financial statements. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of the information other than obtained from consolidated companies´accounting records.

ERNST & YOUNG, S.L.

(signed on the original in Spanish)

February 24, 2010

Antonio Vázquez Pérez

Translation of consolidated annual accounts originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union. In the event of a discrepancy, the Spanish-language version prevails.

Gestevisión Telecinco, S.A.
and
Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2009, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and Directors' Report

Translation of consolidated annual accounts originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union. In the event of a discrepancy, the Spanish-language version prevails.

Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2009 AND 2008

(Thousands of euros)

ASSETS	31/12/2009	31/12/2008
NON-CURRENT ASSETS		
Property, plant and equipment (Note 6)	**48,533**	**53,628**
Intangible assets (Note 7)	**4,500**	**5,491**
Audiovisual Property rights (Note 8)	**193,988**	**190,737**
Equity method investments (Note 9)	**132,141**	**237,417**
Non-current financial assets (Note 10)	**36,529**	**27,077**
Deferred Tax Assets (Note 18.3)	**108,215**	**26,309**
Total non-current assets	523,906	540,659
Current Assets		
Inventories	**6,571**	**7,224**
Accounts receivables	**182,003**	**240,397**
Trade receivables for sales and services	187,183	199,198
Trade receivables from related parties (Note 24.1)	2,587	1,238
Sundry receivables	8	-
Employee receivables	86	101
Income Tax current assets (Note 18.3)	2,439	13,766
Other receivable from public authorities (Note 18.3)	5,660	41,698
Allowances	(15,960)	(15,604)
Other current assets (Note 11)	**10,910**	**4,165**
Other current financial assets (Note 12)	**5,136**	**2,220**
Cash and cash equivalents (Note 13)	**5,564**	**32,892**
Total current assets	210,184	286,898
TOTAL ASSETS	734,090	827,557

The accompanying Notes 1 to 25 are an integral part of this consolidated financial statement at 31 December 2009.

Madrid, February 24, 2010

D. Alejandro Echevarría Busquet	D. Giuseppe Tringali	D. Paolo Vasile	D. Giuliano Adreani	D. José Ramón Álvarez Rendueles
D. Massimo Musolino	D. Pier Silvio Berlusconi	D. Fedele Confalonieri	D. Ángel Durández Adeva	D. Marco Giordani
D. Miguel Iraburu Elizondo	D. Alfredo Messina	D. Borja de Prado Eulate	D. Mario Rodriguez Valderas	Dª. Helena Revoredo Delvecchio

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Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2009 AND 2008

(Thousands of euros)

EQUITY AND LIABILITIES	31/12/09	31/12/08
EQUITY (Note 14)		
Share Capital	123,321	123,321
Share premium	37,013	37,013
Share based payment reserves	11,491	10,500
Other reserves	318,403	183,470
Treasury shares	(60,734)	(57,813)
Reserves in associates	(181,106)	(59,397)
Profit for the year attributable to the Parent	48,442	211,279
Total equity of the Parent	**296,830**	**448,373**
Minority Interests	(5,221)	13,101
Total equity	**291,609**	**461,474**
Non-current liabilities		
Long term provisions (Note 15)	**21,320**	**43,802**
Non-current liabilities (Note 16)	**90,936**	**60,030**
Total non-current liabilities	**112,256**	**103,832**
Current Liabilities		
Payable to related parties (Note 24.1)	**22,416**	**43,014**
Accounts payable for purchases and services	**102,570**	**88,044**
Accounts payable for audiovisual rights	**50,485**	**23,080**
Other non-trade payables	**96,224**	**38,859**
Bank borrowings	75,637	-
Government grants and other loans	396	1,154
Payables to public authorities (Note 18.3)	9,636	14,860
Payables for non-current asset acquisitions	1,233	3,174
Remuneration payable	8,137	18,702
Other borrowings	1,184	969
Short-term provision (Note 17)	**57,470**	**68,569**
Other current liabilities	**1,060**	**685**
Total current liabilities	**330,225**	**262,251**
TOTAL EQUITY AND CURRENT LIABILITIES	**734,090**	**827,557**

The accompanying Notes 1 to 25 are an integral part of this consolidated financial statement of financial at 31 December 2009.

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Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED SEPARATE INCOME STATEMEN AT 31 DECEMBER 2009 AND 2008
(Thousands of euros)

	31.12.09	31.12.08
INCOME		
Revenue (Note 22.1)	633,555	938,792
Sales	630,113	947,400
Discount and volume rebates	(29,506)	(42,284)
Revenue from the rendering of services	32,948	33,676
Other operating incomes	22,705	43,061
Total operating income	**656,260**	**981,853**
EXPENSES		
Decrease in inventories of finished goods and work in progress	794	(3,821)
Procurements	181,243	165,910
Staff costs (Note 22.2)	79,541	89,218
Amortisation of audiovisual property rights	161,455	180,827
Depreciation and amortisation charge	7,202	6,046
Change in operating provisions (Note 22.3)	395	1,895
Other expenses (Note 22.4)	102,849	154,873
Total operating expenses	**533,479**	**594,948**
Profit from operations	**122,781**	**386,905**
Net finance income/expense (Note 22.6)	3,095	(3,055)
Exchange differences(Nota 22.7)	106	(342)
Result of companies accounted for using the equity method (Note 9)	(119,214)	(175,821)
Impairment losses of other financial assets (Note 10)	(5,025)	(26)
Gains (losses) on disposals of non current assets (Note 1)	1,106	(11)
PROFIT BEFORE TAX	**2,849**	**207,650**
Income tax (Note 18.4)	(24,138)	23,125
Profit for the year	**26,987**	**184,525**
Attributable to:		
Shareholders of the Parent	48,442	211,279
Minority interests	(21,455)	(26,755)
Earnings per share (Note 23.1)	**0.20**	**0.87**
Diluted earnings per share (Note 23.2)	**0.20**	**0.87**

The accompanying Notes 1 to 25 are an integral part of this consolidated financial statement at 31 December 2009.

Madrid, February 24, 2010

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Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2009 AND 2008
(Thousands of euros)

	31/12/2009	31/12/2008
PROFIT FOR THE YEAR	26,987	184,525
Change in fair value of available-for-sale financial assets		
Impairment losses recognised in equity (Note 10).	(5,025)	(26)
Income tax effect	1,508	-
Reclassifications to separate income statement (Note 10)	5,025	26
Tax effect	(1,508)	-
Components of the statement of other comprehensive income relating to companies accounted for using the equity method		
Changes in the measurement of derivatives (Note 9)	4,311	(13,926)
Exchange differences (Note 9)	6,266	(30,755)
Shared based payments schemes (Note 9)	5,199	-
TOTAL PROFIT FOR THE YEAR	42,763	139,824
Attributable to:		
Parent's shareholders	60,274	177,348
Minority interests	(17,511)	(37,524)

The accompanying Notes 1 to 25 are an integral part of this consolidated financial statement at 31 December 2009.

Madrid, 24 February 2010

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Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008 (Thousands of euros)

	31/12/2009	31/12/2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	**2,849**	**207,650**
Adjustment for:		
Amortisation of audiovisual property rights	161,455	180,826
Depreciation and amortization charge	7,202	6,048
Result of companies accounted for using the equity	119,214	175,821
Change in provisions for contingencies and charges	(42,545)	(21,732)
Proceeds from disposal of property, plants and equipment	(1,106)	11
Net finance income	(3,095)	3,055
Net exchange differences	(106)	342
Disposals other assets	3,503	2,021
Impairment of other financial assets	5,025	26
Profits from operations before changes in working capital	**252,396**	**554,068**
Change in operating assets and liabilities net of the impact of acquisition of new investments		
Inventories	653	(3,763)
Accounts receivable	15,006	61,132
Other current assets	(3,987)	6,460
Account payables	(6,071)	(1,974)
Other current liabilities	(17,899)	(260)
Change in provisions	8,965	
Cash flows from operating activities	**249,063**	**615,663**
Taxes paid at sources	(15,737)	(100,174)
Net cash flows from operating activities (A)	**233,326**	**515,489**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in property, plant and equipment	(3,267)	(6,590)
Investment in intangible assets	(1,907)	(2,430)
Investments in audiovisual property rights	(141,643)	(186,798)
Disposals of audiovisual rights	4,344	-
Disposals of non-current financial assets	182	158
Investments in subsidiaries	(60)	(22,082)
Investment in other non-current financial assets	(13,957)	(14,896)
Dividend received	1,790	1,641
Interest received	2,544	3,829
Net cash flows from investing activities	**(151,974)**	**(227,168)**
CASH FLOW USED IN FINANCING ACTIVITIES		
Long term financing	30,905	(794)
Interest paid	(1,923)	(3,915)
Dividends paid	(210,272)	(317,562)
Shareholders' contribution	75,637	
Acquisition of treasury shares	(2,921)	(1,344)
Net cash flows used in financing activities (C)	**(108,574)**	**(323,615)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	**(27,222)**	**(35,294)**
NET FOREIGN EXCHANGE DIFFERENCE	**(106)**	**342**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(27,238)**	**(34,952)**
Cash and cash equivalents at beginning of the year (Note 12)	**32,892**	**67,843**
Cash and cash equivalents at end of the year (Note 12)	**5,564**	**32,892**

The accompanying Notes 1 to 25 are an integral part of this consolidated financial statement at 31 December 2009.

Madrid, February 24, 2010

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Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008
(Thousands of euros)

	Share Capital	Legal Reserve	Share Premium	Treasury Shares	Share bases payment reserve	Reserves in associates	Other Reserves	Profit for the Year	Dividends	Total equity of the parent	Minority Interests	Total
Balance at 31/12/07	**123,321**	**24,664**	**37,013**	**(54,469)**	**8,431**	**(20,072)**	**120,239**	**353,058**	-	**590,185**	**50,625**	**640,810**
Components of other comprehensive income	-	-	-	-	-	(33,931)	-	-	-	**(33,931)**	(10,769)	**(44,700)**
Profit (Loss) for the year	-	-	-	-	-	-	-	**211,279**	-	**211,279**	(26,755)	**184,524**
Total comprehensive income for the year	-	-	-	-	-	**(33,931)**	-	**211,279**	-	**177,348**	**(37,524)**	**139,824**
Distribution of profit for the year	-	-	-	-	-	(3,071)	38,567	(353,058)	317,562	-		-
Dividend	-	-	-	-	-	-	-	-	(317,562)	(317,562)	-	**(317,562)**
Treasury shares	-	-	-	(1,344)	-	-	-	-	-	(1,344)	-	**(1,344)**
Share based payment	-	-	-	-	2,069	-	-	-	-	2,069	-	**2,069**
Other changes	-	-	-	-	-	(2,323)	-	-	-	(2,323)	-	**(2,323)**
Minority interests	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31/12/08	**123,321**	**24,664**	**37,013**	**(57,813)**	**10,500**	**(59,397)**	**158,806**	**211,279**	-	**448,373**	**13,101**	**461,474**

	Share Capital	Legal Reserve	Share Premium	Treasury Shares	Share bases payment reserve	Reserves in associates	Other Reserves	Profit for the Year	Dividends	Total equity of the parent	Minority Interests	Total
Balance at 31/12/08	**123,321**	**24,664**	**37,013**	**(57,813)**	**10,500**	**(59,397)**	**158,806**	**211,279**	-	**448,373**	**13,101**	**461,474**
Components of other comprehensive income	-	-	-	-	-	11,832	-	-	-	**11,832**	3,944	**15,776**
Profit (Loss) for the year	-	-	-	-	-		-	48,442	-	**48,442**	(21,455)	**26,987**
Total comprehensive income for the year	-	-	-	-	-	**11,832**	-	**48,442**	-	**60,274**	**(17,511)**	**42,763**
Distribution of profit for the year	-	-	-	-	-	(133,926)	134,933	(211,279)	210,272	-		-
Dividend	-	-	-	-	-	-	-	-	(210,272)	(210,272)		**(210,272)**
Treasury shares	-	-	-	(2,921)	-	-	-	-	-	(2,921)		**(2,921)**
Share based payment	-	-	-	-	0,991	-	-	-	-	0,991		**0,991**
Other changes	-	-	-	-	-	0,385	-	-	-	0,385		**0,385**
Minority interests	-	-	-	-	-	-	-	-	-	-	(0,811)	**(0,811)**
Balance at 31/12/09	**123,321**	**24,664**	**37,013**	**(60,734)**	**11,491**	**(181,106)**	**293,739**	**48,442**	-	**296,830**	**(5,221)**	**291,609**

The accompanying Notes 1 to 25 are an integral part of this consolidated financial statement at 31 December 2009.

Madrid, February 24, 2010

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

GESTEVISIÓN TELECINCO, S.A. - PARENT

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

The Company engages in the indirect management of a public television service in accordance with the terms of the concession granted by the State, by virtue of the 28 August 1989 Resolution of the General Secretariat of Communications and the concession agreement executed in a public deed on 3 October 1989, and the performance of all operations naturally required for or resulting from said management.

Under a Council of Ministers Resolution dated 10 March 2000, this concession for the indirect management of the public television service was renewed for ten years starting on 3 April 2000. On 3 April 2010 the concession expires and the Company expects it to be renewed for a further ten years. The Company has made all the necessary investments to begin digital broadcasts pursuant to Royal Decree 2169/1998, of 9 October, which approved the Spanish National Technical Plan for Digital Terrestrial Television.

Under a Council of Ministers Resolution dated 25 November 2005, the concession agreement was extended along with those of the other concession operators in Spain, and we were granted concessions for three Digital Terrestrial Television (DTT) channels.

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

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

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

(Thousands of euros)

The consolidated Group companies are as follows:

Fully consolidated companies

	Country	2009	2008
Grupo Editorial Tele 5, S.A.U.	Spain	100%	100%
Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U.	Spain	100%	100%
Telecinco Cinema, S.A.U.	Spain	100%	100%
Publiespaña, S.A.U.	Spain	100%	100%
Cinematext Media, S.A. (5)	Spain	-	60%
Conecta 5 Telecinco, S.A.U.	Spain	100%	100%
Mediacinco Cartera, S.L.	Spain	75%	75%
Canal Factoría de Ficción, S.A.U. (6)	Spain	100%	100%
Atlas Media, S.A.U. (1)	Spain	100%	100%
Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U. (1)	Spain	100%	100%
MiCartera Media, S.A.U. (1)	Spain	100%	100%
Publimedia Gestión, S.A.U. (2)	Spain	100%	100%
Advanced Media, S.A.U. (2)	Spain	100%	100%
Cinematext Media Italia, S.R.L. (3) (5)	Italy	-	60%
Telecinco Factoría de Producción, S.L.U.	Spain	-	100%

Companies accounted for using the equity method

	Country	2009	2008
Premiere Megaplex, S.A.	Spain	50%	50%
Pegaso Televisión, Inc	USA	35%	35%
Edam Acquisition Holding I Coöperatief U.A. (4)	Netherlands	33%	33%
Bigbang Media, S.L. (formerly known as Telecinco Factoría de Producción, S.L.U)	Spain	30%	-
Aprok Imagen, S.L. (1)	Spain	3%	40%
Producciones Mandarina, S.L. (1)	Spain	27%	30%
La Fábrica de la Tele, S.L. (1)	Spain	30%	30%
Publieci Televisión, S.A. (2)	Spain	50%	50%

(1) The ownership interests in these companies are held through Agencia de Televisión Latino-Americana de Servicios de Noticias España, S.A.U. (Atlas España, S.A.U.).
(2) The ownership interests in these companies are held through Publiespaña, S.A.U.
(3) The ownership interest in this company is held through Cinematext Media, S.A.
(4) The ownership interest in this company is held through Mediacinco Cartera, S.L.
(5) This company was sold in 2009.
(6) As of the first quarter of 2008 this is a fully consolidated company. Previously it was consolidated using the equity method as the ownership interest was 40%.

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

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

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

Changes in the consolidation scope during the year ended 31 December 2008.

- As required by the relevant accounting standard, in 2008 (i.e. within one year from the acquisition date), Edam Acquisition Holding I Coöperatief, U.A. finalised the purchase price allocation process) to the various assets acquired in 2007. Accordingly, the business combination was definitively recognised, with no significant difference between the final price and the provisional price assigned. However, due to the process of assigning the value of goodwill and the remaining values of assets of the Edam Group to their corresponding cash-generating units, currency translation differences arose which led to a reduction in the initially assigned values. Of these differences, EUR 21,695 thousand relate to the effect arising from the acquisition date to 31 December 2007.

- On 25 June 2008 the remaining 60% of the capital of Canal Factoría de Ficción, S.L. was acquired, bringing ownership to 100%. The 60% was acquired at its carrying value.

- In March 2008 the Parent acquired 35.08% of the capital of Pegaso Televisión INC., which owns 83.34% of the capital of CaribeVisión TV Network LLC, and 25% of CaribeVisión Holdings, INC. The Parent likewise has an option to purchase further shares of the latter, which would take its total holding to 83.34%. The packet of shares was acquired at a cost of USD 31.7 million (approximately EUR 21.13 million).

  CaribeVision is a television channel that currently operates in New York, Miami and Puerto Rico, it initially aims to cover the television market of Spanish-speaking residents on the East Coast of the United States.

SUBSIDIARIES

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

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

Grupo Editorial Tele 5, S.A.U.

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

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

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 incorporated in Madrid on 21 January 1998. The company's registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

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

Telecinco Cinema S.A.U.

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

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

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

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

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

Publiespaña, S.A.U.

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

The company's objects are as follows:

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

Conecta 5 Telecinco, S.A.U.

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

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

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

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

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

Its company objects are:

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

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

Canal Factoría de Ficción S.A.

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

The company is engaged in:

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

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

c) The management of audiovisual companies.

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

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

Cinematext Media, S.A. was incorporated in Madrid on 1 December 2000. Its registered office was located initially in Majadahonda (Madrid) at Calle Benavente, 5, Bajo Izquierda. At the Extraordinary General Meeting held on 21 December 2000, it was resolved to transfer the registered office to Carretera de Fuencarral a Alcobendas, nº 4, Madrid.

The company's object is to provide subtitling services for the film, video and television industries.

As previously stated this company was sold in 2009 and, therefore, is no longer included in the consolidation scope.

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

   Atlas Media, S.A.U.

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

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

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

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

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

   Mi Cartera Media, S.A.U.

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

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

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

   Publimedia Gestión, S.A.U.

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

   The company's objects are as follows:

   a) The creation, acquisition, production, co-production, editing, filming or recording, reproduction, broadcasting, dissemination, distribution, marketing and, in short, operation by any means of all manner of audiovisual, written or electronic works or recordings, together with the rights relating thereto.
   b) The performance and creation of advertising projects and work relating to the commissioning, intermediation and dissemination of advertising messages in all possible forms, by means of any manner of broadcasting or communications media.

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

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

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

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

Advanced Media, S.A.U.

Advanced Media, S.A.U. was incorporated in Madrid on 7 October 1999. Its registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

The company's objects are as follows:

a) The publishing, production and publication in any format of books, newspapers, magazines and printed matter of all kinds.

b) The performance and execution of advertising projects and all work relating to the commissioning, intermediation and dissemination of advertising messages in all possible formats.

c) The performance of activities relating to marketing, merchandising and any other commercial activity.

d) The production of audiovisual programmes and intermediation in the markets for intellectual property rights of all types.

4. Fully-consolidated company (60% owned through Cinematext Media, S.A.)

Cinematext Media Italia, S.r.L.

This company was formed on 10 February 2005. Its registered office is at Via Marconi, nº 27, 20090 Segrate, Milan.

Its object is the dubbing and subtitling of audiovisual works and recordings.

As indicated previously , this company was sold and, therefore, is no longer included in the consolidation scope.

(Thousands of euros)

ASSOCIATES OF GESTEVISIÓN TELECINCO, S.A.

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

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

Company	2009	2008	Line of business
Premiere Megaplex, S.A. C/ Enrique Jardiel Poncela, 4 28016 Madrid	50%	50%	Operation of cinemas
Pegaso Televisión Inc. 1401 Brickell Avenue – Ste 500 Miami, Florida	35%	35%	Channelling of the investment in Caribevisión Network, a TV broadcaster on the east coast of the US and in Puerto Rico
Bigbang Media, S.L. C/ Almagro,3 28010 Madrid	30%	100%	Production and distribution of all classes of audiovisual programs and products in any support format

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

Company	2009	2008	Line of business
Aprok Imagen S.L. C/ Martínez Corrochano, 3 28007 Madrid	3%	30%	News agency
Producciones Mandarina, S.L. C/ María Tubau, 3 28050 Madrid	27%	30%	Creation, development, production and commercial exploitation of audiovisual content
La Fabrica de la Tele, S.L. C/ Angel Gavinet, 18 28007 Madrid	30%	30%	Creation, development, production and commercial exploitation of audiovisual content

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

Company	2009	2008	Line of business
Publieci Televisión, S.A. C/ Hermosilla, 112 28009 Madrid	50%	50%	Sale of products and services targeted at the end consumer

(Thousands of euros)

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

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

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

None of these companies is publicly listed.

In accordance with article 86 of the revised text of the Spanish Corporation Law, the Parent has duly notified the investees of its acquisition of their share capital. It has no commitments which could lead to contingent liabilities with respect to these companies.

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

2.1. Fair presentation and conformity with International Financial Reporting Standards

The Group's consolidated financial statements for 2007 were formally prepared:

- By the directors, at the Board of Directors Meeting held on 24 February 2010.

- In accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council.

- Taking into account all the mandatory accounting policies and rules and measurement bases with a material effect on the consolidated financial statements, as well as the alternative treatments permitted by the relevant standards in this connection, which are specified in these Notes to the consolidated financial statements.

- The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available for sale financial assets that have been measured at fair value.

- So that they present fairly the Group's consolidated equity and financial position at 31 December 2007 and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.

- On the basis of the accounting records kept by the Company and by the other Group companies.

The company is the head company of a Group and in accordance with Royal Decree 1815/1991 of 20 December it is required to prepare a set of consolidated financial statement under IFRS-EU due that it is a listed group.

However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2009 and 2008 (IFRSs) are not exactly the same as those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with the International Financial Reporting Standards adopted by the European Union.

The 2009 consolidated financial statements of the Group and the 2009 financial statements of the Group companies have not yet been approved by their shareholders at the respective Annual General Meetings, They are expected to be approved without modification.

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

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

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

2.2. Changes in accounting policies

The accounting policies applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2009 are consistent with those applied in the Group's consolidated financial statements for the year ended 31 December 2008, except for the application of the new EU-adopted standards and interpretations, which came into effect on 1 January 2009. The impact of this new legislation on the consolidated financial statements is summarised below:

- **Revised IAS 1 – Presentation of financial statements**

  a) Re-naming of the components of the financial statements

     The Company has opted to use the new names indicated in revised IAS 1. Consequently, the former balance sheet is now called statement of financial position.

     In addition, the former income statement is now known as the separate income statement.

b) New financial statements

The Company has opted, as permitted by revised IAS 1, to present all income and expense recognised in the year in two statements:

- Separate income statement (formerly income statement): This statement gives the components of profit and loss.

- Statement of comprehensive income: This statement starts with profit (loss) and shows the components of other comprehensive income.

c) Statement of changes in equity as established in the new revised IAS 1.

The Group has made the necessary changes in that statement so that it reflects the following:

- Comprehensive income for the year, broken down into that attributable to the shareholders of the Parent and that attributable to minority interests.

- Amounts relating to transactions with owners.

Additionally under Reserves in associates the amounts corresponding to said associates have been recognised; these were formerly recognised under Translation differences and Other reserves.

- **IFRS 2 "Share-based payments" – Vesting conditions and cancellations**

The standard has been amended in order to clarify the definition of vesting conditions and to define the accounting treatment of cancellations of share-based payment agreements in the event of failure to satisfy a non-vesting condition. The Group has adopted this amendment as of 1 January 2009. Adopting this amendment has had no impact on the Group's financial position or results.

- **IFRS 7 - Financial Instruments Disclosures. Applicable from 1 January 2009.**

The amended standard requires more disclosures on the determination of fair value and liquidity risk. Fair value determination of items recognised at fair value must be broken down by the nature of the assumptions using a three-level hierarchy for each category of financial instrument. In addition, a reconciliation from the beginning balances to the ending balances is now required for the third level of fair value determination, as well as for significant transfers between the hierarchy levels.

These amendments likewise clarify the disclosure requirements for liquidity risk with respect to derivative transactions and assets used to manage liquidity, The disclosures regarding fair value determination are included in Note 21.2. The disclosures related to liquidity risk are not significantly affected by these amendments and are presented in Note 21.

- **IFRS 8 – Operating segments**

  The standard requires disclosure of information on Group operating segments and eliminates the requirements to identify the Group's primary segments (business) and secondary segments (geographic). The Group has not identified operating segments other than advertising sales and complimentary activities.

- **IAS 23 – Borrowing costs (revised)**

  The standard has been revised to require that interest costs on qualifying assets are capitalised. Accordingly, the Group has changed its accounting policy. As per the transitional provisions of the standard this has been applied prospectively. Consequently, interest costs for qualifying assets are capitalised from 1 January 2009 onwards. No changes have been made to interest costs prior to that date, which were recognised as an expense.

  No finance expenses were capitalised in the year ended 31 December 2009.

- **IAS 32 - Financial Instruments: Presentation and IAS 1 - Puttable financial instruments and obligations arising on liquidation**

  The standards have been revised to allow an exception, i.e., puttable financial instruments may be classified as equity if they meet certain requirements. The Group does not have this type of financial instruments; hence adopting these modifications has not had an impact on the Group's financial position or results.

- **IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial instruments: Recognition and measurement**

  This amendment to IFRIC 9 requires that an entity assess whether an embedded derivative must be separated from the host contract when the entity reclassifies a hybrid financial asset from the at fair value through profit or loss category. This assessment shall be made on the basis of the circumstances that existed on the later date of (i) when the entity first became a party to the contract or (ii) the date that any change in the terms of the contract significantly modified the cash flows that otherwise would have been required under the contract. IAS 39 now establishes that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss. The Group held no hybrid financial instruments in 2009 therefore this interpretation and the amendment to IAS 32 have had no impact on its 2009 figures.

- **IFRIC 13 Customer Loyalty Programs**

  This interpretation requires that credits/points awarded to customers are recognised as a separately identifiable component of the sale transaction in which they are granted. Given that the Group does not have any points-based customer loyalty programs, this interpretation has no impact on the Group's financial position or results.

- **IFRS improvements**

  In May 2008 the IASB first published IFRS improvements within the framework of an annual process of improvements aimed at eliminating inconsistencies and clarifying certain standards, including specific transitional provisions for each standard. Adopting the following amendments has led to a change in accounting policies; however, this has had no impact on the Group's financial position or results.

- IAS 1 – "Presentation of financial statements": Assets and liabilities classified as held for trading conform to IAS 39 Financial Instruments: Recognition and Measurement. They are not automatically classified as current in the statement of financial position. The Group has changed its accounting policies and has analysed if management's expectations in respect of the period in which the assets and liabilities will be realised differs from the instrument's classification. This has not led to any reclassifications of financial instruments from current to non-current or vice versa in the statement of financial position.

- IAS 16 – Property, Plant and Equipment Net selling price" is replaced by "fair value less cost to sell." The Group has changed its accounting policy accordingly; however, this has had no impact on its financial position.

- IAS 23 – "Borrowing costs": The definition of borrowing costs has been revised to consolidate into a single entry the two entries considered components of "Borrowing costs" (the interest cost calculated using the effective interest rate method pursuant to IAS 39). The Group has changed its accounting policy accordingly; however, this has had no impact on its financial position.

- IAS 38 – "Intangible Assets": Advertising and promotional activity are recognised as an expense when the Group has a right to have access to the goods or the service has been rendered. This change has not affected the Group.

  The following sentence has been eliminated from the standard: "There is rarely, if ever, persuasive evidence to support an amortisation method for intangible assets with finite useful lives that results in a lower amount of accumulated amortisation than under the straight-line method." The Group has measured the useful lives of its intangible assets and has concluded that the straight-line method of amortisation it uses is sufficient.

The modifications of the following standards have had no impact on the Group's accounting policies, financial position or results.

- IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors"
- IAS 10 – "Events after the Statement of financial position Date"
- IAS 16 – "Property, Plant and Equipment"
- IAS 18 – "Revenue"

(Thousands of euros)

- IAS 19 – "Employee Benefits"
- IAS 20 -"Accounting for government grants and disclosure of government assistance"
- IAS 27 – "Consolidated and Separate Financial Statements"
- IAS 28 – "Investments in Associates"
- IAS 31- "Interests in Joint Ventures"
- IAS 34 – "Interim Financial Reporting"
- IAS 36 "Impairment of Assets"
- IAS 39 – "Financial Instruments: Recognition and Measurement"

At the date these consolidated financial statements were prepared, the Group elected not to early adopt the following IFRS standards and interpretations as they were not mandatory or had not been adopted by the EU:

Standard, Interpretation and Amendment.		Mandatory: in financial years beginning on or after
Revised IFRS 3	Business Combinations	1 July 2009
Amendment to IAS 27	Consolidated and Separate Financial Statements	1 July 2009
Amendment to IFRS 2	Group Transactions with Share-based Payments and Cash Settlements	1 January 2010
Amendment to IAS 39	Eligible Hedged Items	1 July 2009
Revised IFRS 1 (*)	First-time Adoption of IFRS	1 July 2009
IFRS 5	Amendment to IFRS 5 under the Improvements to IFRS project	1 July 2009
IFRS 9 (*)	Financial instruments	1 January 2013
Revised IFRS 24 (*)	Related parties	1 January 2011
IFRIC 14 (*)	IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2010
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009
IFRIC 18	Transfers of Assets from Customers (**)	1 July 2009
IFRIC 19 (*)	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Amendments to IFRIC 9 and IAS 39 (*)	IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial instruments: Recognition and Measurement	(***)
IFRS Improvements in April 2009 (*)		1 January 2011

(*) Not endorsed by the European Union
(**) Applies to those transfers carried out on or after 1 July 2009.
(***) Mandatory for years ended 30 June 2009 or thereafter.

The Group is analysing the impact of applying these standards, amendments and interpretations. It expects that the changes introduced by IFRS 3 (Revised) and the amendments to IAS 27 will affect future acquisitions and transactions with minority interests which take place after January 1, 2010. The possible impacts of the other changes is still being analysed.

2.3. Responsibility for the information and use of estimates

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

In preparing the Group's consolidated financial statements for 2009, certain estimates and assumptions were made on the basis of the best information available at 31 December 2009 on the events analysed. However, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated income statements.

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

- Impairment of non current assets

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

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

- Impairment of financial assets

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

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

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

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

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

- Recoverability of deferred tax assets

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

- Provisions

  The Company recognizes provisions for risks in accordance with the accounting policy set forth in Note 18. The Group has made judgements and estimates regarding the probability of the occurrence of said risks, as well as the amount thereof, and has recognized a provision when the risk has been considered likely, estimating the cost that such an occurrence would represent for it.

- Share based payments

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

2.4.Statement of compliance

At the time of this Financial Statements are formulated, the Group has applied all IFRS and interpretations that were obligated and approved by EU and in force for financial years started from 1st January 2009.

3. Proposed distribution of the profit of the Parent

The distribution of the Parent's net profit for 2009 that its Board of Directors will propose for approval by the shareholders at the Annual General Meeting and the distribution of the Parent's net profit in 2008 approved by the Annual General Meeting are as follows:

Distributable Profit	2009	2008
Profit for the year	68,461	269,222
Appropriation to:		
Voluntary reserves	20,021	58,950
Dividends	48,440	210,272
Total	**68,461**	**269,222**

The Parent's Board of Directors likewise agrees to distribute an interim dividend for the total amount of the proposed ordinary dividend which will be distributed prior to the General Shareholders' Meeting on the basis of the accompanying liquidity statement at 31 December 2010.

Liquidity statement at 31 January 2010	Thousands of euros
Cash at banks and in hand	3,004
Short-term investments	65,570
Other assets realised in short-term	170,625
Current liabilities	(399,781)
Unused credit facilities	254,881
Working capital at 31 December 2010	**94,299**
Available funds	**94,299**

The proposed dividend represents EUR 0.20 per share (2008: EUR 0.86).

4. Accounting policies

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

4.1. Basis of consolidation

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

However, given that the accounting principles and measurement bases applied when preparing the Group's consolidated financial statements for 2008 and 2009 (EU-IFRS) vary from those used by the companies composing the Group (local standards), the necessary adjustments and reclassifications have been made on consolidation to standardise the most significant measurement and recognition principles between the companies and to adapt these to EU-adopted IFRS.

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

4.2. Translation of financial statements of foreign subsidiaries

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

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

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

(Thousands of euros)

4.3. Related parties

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

4.4. Current/Non-current classification

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

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

4.5. Property, plant and equipment

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

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

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

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

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

4.6 Intangible assets

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

- Development expenditure

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

- Trademarks and trade names

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

  - Tele 5, granted for a period of ten years and amortised on a straight-line basis over the ten-year period following the grant date.
  - Publiespaña, amortised on a straight-line basis over ten years.
  - Atlas, amortised on a straight-line basis over ten years.
  - Canal Factoría de Ficción, amortised on a straight-line basis over ten years

- Computer software

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

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

4.7 Audiovisual property rights

4.7.1Outside production rights

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

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

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

1. Films and TV movies (non-series)

   1.1. Contractual rights for two screenings:

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

   1.2. Contractual rights for three or more screenings:

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

2. Other products (series)

   2.1.Contractual rights for two or more screenings:

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

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

These rights are subject to valuation adjustments, where necessary, as detailed in Note 4.10.

4.7.2 Series in-house production rights

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

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

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

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

- Series of less than 60 minutes and/or broadcast daily.
  First screening: 100% of the amortisable value.

- Series of more than 60 minutes and/or broadcasted weekly.
  First screening: 90% of the amortisable value.
  Second screening: 10% of the amortisable value.

These rights are subject to valuation adjustments, where necessary, as detailed in Note 4.10.

4.7.3 Distribution rights

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

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

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

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

4.7.4 Co-production rights

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

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

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

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

4.7.5 Master copies and dubbing

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

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

4.7.6 Retransmission rights

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

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

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

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

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

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

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

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

4.9 Financial assets

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

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

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

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

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

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

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

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

4.10 Impairment of non current assets

4.10.1 Non-financial assets

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

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

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

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

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

4.10.2 Financial assets

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

- Assets carried at amortized cost

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

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

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

- Available-for-sale financial investments

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

4.11 Inventories

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

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

4.12 Cash equivalents

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

4.13 Debt transformable into grants

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

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

4.14 Treasury shares

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

4.15 Financial liabilities

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

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

4.16 Derivative financial instruments

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

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

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

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

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

4.17 Derecognition of financial assets and liabilities

4.17.1Financial assets

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

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

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

4.17.2Financial liabilities

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

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

4.18 Provisions and contingencies

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

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

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

4.19 Income tax

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

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

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

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

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

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

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

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

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

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

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

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

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

4.20 Revenue and expense recognition

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

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

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

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

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

4.21 Equity-settled transactions

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

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

4.22 Transactions in foreign currency

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

4.23 Earnings per share

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

4.24 Environmental issues

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

5. Segment information

Activities of the Group are not distributed into different operating segments. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated financial statements.

(Thousands of euros)

6. Property, plant and equipment

The detail of the balances of "Property, Plant and Equipment" and of the changes therein in the years ended 31 December 2009 and 2008 is as follows:

	Balance at 31.12.07	Additions	Disposals	Transfer	Balance at 31.12.08	Additions	Disposals	Transfers	Balance at 31.12.09
COST									
Land and natural resources	14,970	-	-	-	14,970	-	-	-	14,970
Buildings and other structures	31,225	458	-	539	32,222	14	(9)	156	32,383
Machinery, plants and tools	93,599	4,429	(4,793)	2,321	95,556	1.532	(4.693)	18	92.413
Furniture and fixture	5,902	385	(667)	6	5,626	146	(181)	-	5.591
Computer Hardware	15,943	881	(2,790)	1,904	15,938	796	(1,758)	-	14.976
Other Items of property, plant and equipment	1,079	67	(368)	-	778	39	(43)	-	774
Property, plant and equipment in the course of construction	4,698	370	(13(	(4,906)	149	740	(5)	(174)	710
Total Cost	**167,416**	**6,590**	**(8,631)**	**(136)**	**165,239**	**3,267**	**(6,689)**	**-**	**161,817**
ACCUMULATED DEPRECIATION									
Buildings and other structures	(14,908)	(1,275)	-	-	(16,183)	(1,303)	3	-	(17,483)
Machinery, plants and tools	(78,895)	(4,760)	4,643	-	(79,012)	(4,691)	4,376	-	(79,327)
Furniture and fixtures	(4,017)	(377)	621	-	(3,773)	(368)	153	-	(3,988)
Computer Hardware	(13,369)	(1,368)	2,779	-	(11,958)	(1,582)	1,733	-	(11,807)
Other items of property, plants and equipment	(1,018)	(319)	364	-	(685)	(36)	42	-	(679)
Total accumulated depreciation	**(112,207)**	**(7,811)**	**8,407**	**-**	**(111,611)**	**(7,980)**	**6,307**	**-**	**(113,284)**
Provisions	(144)	-	144	-	-	-	-	-	-
CARRYING AMOUNT	**55,065**	**(1,221)**	**(80)**	**(136)**	**53,628**	**(4,713)**	**(382)**	**-**	**48,533**

(Thousands of euros)

Additions in 2009 and 2008 relate to the acquisition of items of property, plant and equipment required to continue with and increase the Group's activities.

Disposals in 2009 and 2008 relate mainly to the retirement and/or sale of fully depreciated items or those no longer in uses.

The detail of the fully depreciated property, plant and equipment in use at 31 December 2009 and 2008 is as follows:

	2009	2008
Computer hardware	8,843	9,582
Technical machinery, fixtures and tools	64,834	54,087
Furniture	2,469	1,893
Other items of property, plant and equipment	88	523
	76,234	66,085

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

The Group had no items under finance leases at 31 December 2009 or at 31 December 2008.

(Thousands of euros)

7 Intangible assets

The detail of the balances of "Intangible Assets" and of the changes therein in the years ended 31 December 2009 and 2008 is as follows:

	Balance at 31.12.07	Additions	Disposals and other	Transfers	Balance at 31.12.08	Additions	Disposals and other	Transfers	Balance at 31.12.09
COST									
Development Expenditure	327	657	(12)	(276)	696	391	-	(471)	616
Concessions, patents and trademarks	33,682	300	-	(906)	33,076	-	(396)	-	32,680
Computer software	18,050	1,235	(997)	1,396	19,684	556	(370)	583	20,453
Computer software in progress	878	238	(2)	(984)	130	961	-	(112)	979
Advance on intangible assets	-	-	-	-	-	-	-	-	-
Total Cost	**52,937**	**2,430**	**(1,011)**	**(770)**	**53,586**	**1,907**	**(766)**	**-**	**54,727**
ACCUMULATED AMORTISATION									
Concessions, patents and trademarks	(33,259)	(31)	-	906	(32,384)	(35)	6	-	(32,413)
Computer software	(14,189)	(2,517)	995	-	(15,711)	(2,407)	304	-	(17,814)
Total Accumulated Amortisation	**(47,448)**	**(2,548)**	**995**	**906**	**(48,095)**	**(2,442)**	**310**	**-**	**(50,227)**
CARRYING AMOUNT	5,489	(118)	(16)	136	5,491	(535)	(456)	-	4,500

(Thousands of euros)

The breakdown of the fully amortised intangible assets in use at 31 December 2009 and 2008 is as follows:

	2009	2008
Computer software	13,552	11,095
Concessions, patents and trademarks	19,256	19,256
Total	**32,808**	**30,351**

(Thousands of euros)

8. Audiovisual property rights

The detail of the balances of the audiovisual property rights and of the changes therein in the years ended 31 December 2009 and 2008 is as follows:

	Balance at 31.12.07	Additions	Disposals	Transfers and others	Balance at 31.12.08	Additions	Disposals	Transfers and others	Balance at 31.12.09
COST									
Audiovisual property rights	350,026	37,023	(71,741)	8,561	323,869	53,946	(80.607)	3,911	301,119
Master copies	23	1	(5)	-	19	2	(7)	-	14
Dubbing	6,432	362	(121)	-	6,673	1,316	(380)	-	7,609
Co-production rights	66,534	(765)	-	16,525	82,294	2,418	(3,479)	51,730	132,963
In-house rights	733,098	97,191	-	5,451	835,740	96,613	-	3,876	936,229
Distribution rights	11,980	450	-	(933)	11,497	-	-	-	11,497
Other ancillary work	653	58	-	-	711	43	-	-	754
Rights, options, scrip develop.	291	391	-	-	682	511	(314)	-	879
Start-up costs	250	-	-	-	250	-	(92)	-	158
Advances	39,639	52,086	(889)	(29,604)	61,232	14,200	(521)	(59,867)	15,044
Total Cost	**1,208,926**	**186,797**	**(72,756)**	**-**	**1,322,967**	**169,049**	**(85,400)**	**(350)**	**1,406,266**
ACCUMULATED AMORTISATION									
Audiovisual property rights	(225,835)	(60,466)	71,628	-	(214,673)	(40,974)	80,607	-	(175,040)
Master copies	(18)	(3)	5	-	(16)	(2)	7	-	(11)
Dubbing	(5,627)	(446)	121	-	(5,952)	(955)	380	-	(6,527)
Co-production rights	(45,570)	(22,415)	-	-	(67,985)	(36,679)	-	-	(104,664)
In-house rights	(707,981)	(103,033)	-	-	(811,014)	(89,939)	-	-	(900,953)
Distribution rights	(10,139)	(1,358)	-	-	(11,497)	-	1	-	(11,496)
Other ancillary work	(542)	(132)	-	-	(674)	(71)	-	-	(745)
Start-up costs	(202)	(12)	-	-	(214)	(1)	62	-	(153)
Total accumulated depreciation	**(995,914)**	**(187,865)**	**71,754**	**-**	**(1,112,025)**	**(168,621**	**81,057**	**-**	**(1,199,589)**
Provisions	(26,894)	(16,248)	22,937	-	(20,205)	(208)	7,374	350	(12,689)
Total Audiovisual rights	**186,118**	**(17,316)**	**21,935**	**-**	**190,737**	**220**	**3,031**	**-**	**193,988**

The Group estimates that between 45% and 50% of the total amount of audiovisual property rights recognised, classified as non-current assets in the consolidated statement of financial position at 31 December 2009, will be amortised within 12 months from the statement of financial position date. This percentage was between 35% and 40% in 2008. This percentage represents the best estimate currently available on the basis of the programming budget for 2010.

The impairment losses at year-end relate to the carrying amount of rights which, although they expire after 31 December 2009, do not feature in the network's future broadcasting plans at the date of preparation of these consolidated financial statements. Therefore, the balance of this account relates mainly to the adjustment required to determine the carrying amount of the library. At 31 December 2009 and 2008, the impairment losses recognised in the separate income statement amounted to EUR 208 thousand and EUR and EUR 16.248 thousand, respectively.

At the statement of financial position date there were firm commitments to purchase audiovisual property rights, available from 1 January 2010 for a total amount of USD 42.592 thousand and EUR 69.938 thousand. The commitments at 2008 year-end amounted to USD 24.207 thousand and EUR 65.908 thousand.

At 31 December 2009, advances of USD 250 thousand and EUR 6,619 thousand had been paid in connection with these firm commitments to purchase audiovisual property rights. The advances paid in 2008 amounted to EUR 7,066 thousand and USD 670 thousand.

At the statement of financial position date there were commitments to purchase co-production rights, available from 1 January 2010, for a total amount of EUR 27,615 thousand. The commitments at 2008 year-end amounted to EUR 56,982 thousand.

At 31 December 2009, advances of EUR 6,359 thousand had been paid in connection with these co-production right purchase commitments. The advances paid in 2008 amounted to EUR 51,838 thousand.

At the statement of financial position date there were commitments to purchase distribution rights, available from 1 January 2010 for a total amount of EUR 125 thousand. There were no commitments to acquire distribution rights at 2008 year-end.

At 31 December 2009, advances of EUR 50 thousand had been paid in connection with these firm distribution right purchase commitments. At 2008 year-end the advances totalled nil.

Advances for fiction series are included under Advances.

(Thousands of euros)

9. Equity method investments

The detail of the balance of "Equity method investment" and of the changes therein in 2009 and 2008 is as follows:

	Investments Accounted for using the Equity Method
Balance at 31 December 2007	**438,300**
Increase	21,481
Decrease	(120)
Share of result of associates	(175,821)
Dividends received	(1,641)
Change in measurement of derivative financial instruments	(13,926)
Foreign currency translation	(30,775)
Other changes	(81)
Balance at 31 December 2008	**237,417**
Increase	60
Share of result of associates	(119,214)
Dividends received	(1,790)
Foreign currency translation	6,266
Stock options plans	5,199
Change in measurement of derivative financial instruments	4,310
Other changes	(108)
Balance at 31 December 2009	**132,141**

The accounting information related to these companies for 2009 and 2008 is the following:

Company	Investments Accounted for using the Equity Method 2009	2008	Results of Companies accounted for using the equity method 2009	2008
Premiere Megaplex, S.A. (*)	24	24	1	6
Edam Acquisition Holding I Cooper. U.A.	127,621	222,111	(110,267)	(167,983)
Pegaso Television, Inc.	1,421	12,340	(10,920)	(9,140)
Canal Factoría de Ficción, S.A. (*)	-	-	-	100
Aprok Imagen, S.L. (*)	-	-	-	(691)
Producciones Mandarina, S.L.	231	880	83	437
La Fábrica de la Tele, S.L.	2,082	1,173	1,371	747
Publieci Televisión, S.A. (*)	536	889	351	703
BigBang, S.L.	226	-	167	-
Total	**132,141**	**237,417**	**(119,214)**	**(175,821)**

(*) Companies not obliged to undergo audits.

Mediacinco Cartera, S.L. owns 33.3% of the shares of Edam Acquisition Holding I Cooper. U.A. All the shares of this company carry the same rights.

The accounting information related to these companies for 2009 and 2008 is the following:

2009	Assets	Equity	Liabilities	Income	Profit for the year
			(Thousands euros)		
Premiere Megaplex, S.A. (1)	53	48	5		2
Edam Acquisition Holding I Cooper. U.A.	3,460,100	257,200	3.202.900	1,189,300	(337,800)
Pegaso Television, Inc. (1)	30,370	8,736	21.634	2,446	(12,307)
BigBang	2,653	755	1898	3,980	555
Producciones Mandarina, S.L.	2,369	843	1.526	7,450	304
La Fábrica de la Tele, S.L.	15,799	6,940	8.859	22,175	4,564
Publieci Televisión, S.A. (1)	1,223	1,065	158	7,948	693

2008	Assets	Equity	Liabilities	Income	Profit (loss) for the year
			(Thousands euros)		
Premiere Megaplex, S.A. (1)	52	47	5		12
Edam Acquisition Holding I Cooper. U.A.	3,750,550	577,580	3,172,970	1,301,100	(639,580)
Pegaso Television, Inc. (**)	54,229	38,542	15,687	4,694	(16,498)
Producciones Mandarina, S.L.	5,415	2,934	2,481	14,744	1,457
La Fábrica de la Tele, S.L.	6,505	3,910	2,595	13,553	2,491
Publieci Televisión, S.A. (1)	2,695	1,778	917	23,104	1,406

(**) Figures for the period from 1 March 2008 (acquisition date) to 31 December 2008.
(1) Data not subject to audit.
Changes in the investments accounted for using the equity method are described in Note 1 under changes in the consolidation scope.

Impairment test of equity method investments

- Edam Adquisition Holding I Cooperative U.A.

  As indicated above, Mediacinco Cartera, S.L. owns a 33% equity interest in the share capital of Edam Acquisition Holding I Cooperative U.A., the parent company of Grupo Endemol, and has no other operating activities.

  At year end 2009 the consolidated financial statements reflect the impact of the impairment test performed on the various CGUs (cash generating units) of Grupo Endemol. The impairment test compares their carrying amount at that date with their recoverable value by discounting the cash flows to their present value, based on the best estimates of financial parameters.

  The impairment test performed on identified cash generating units at Grupo Edam and reflected in the financial statements of Edam Acquisition Holding Cooperative at 31 December 2009, took into consideration for 2009 the 2010-2013 Business Plan approved by the Company's Board of Directors (for 2008:the 2009-2012 Business Plan) and applied 1%-8% growth rates depending on the country. The results of that test, adjusted for cash generating units producing positive results, represent a negative impact on the consolidated financial statements of Grupo Telecinco in 2009 of EUR 89 million before tax (2008: EUR 123 million).

- Pegaso Televisión Inc.

  In 2008 the Company acquired an ownership interest in Pegaso Televisión Inc. At year end 2009 this investment's recoverable amount was determined from the market value of the merger with a local operator which has yet to obtain regulatory approval of the American FCC.

  At year end 2008 the recoverable amount was determined from the estimated cash flows that this subgroup was expected to generate, taking into consideration the business plan approved by its Parent's Board of Directors on 25 February 2009. Said business plan included future performance assumptions and estimates of relevant financial indicators at the date it was prepared. The discount rate applied to the projected cash flows is in line with the risks inherent in its sector and to that type of business, as is the growth rate used.

(Thousands of euros)

10. Other non current financial assets

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

	31.12.2009	31.12.2008
Investments in		
Kulteperalia, S.L.	492	1,475
Alba Adriática, S.L.	1,500	9,500
Other investments	-	75
Long term loans	-	226
Long term guarantees	156	263
Loans to related companies	33,302	14,896
Other	1,079	642
Total	**36,529**	**27,077**

Investments in other companies

The impairment of these investments is recognised on the separate income statement under Impairment losses at EUR 5,025 thousand in 2009 (2008: EUR 26 thousand).

In 2009 the Parent's ownership interest in Kulteperalia, S.L. and Alba Adriática, S.L. decreased from 15% to 5%. The transfer price was their carrying amounts: EUR 1,000 thousand in the case of Kulteperalia, S.L. and EUR 3,000 thousand for Alba Adriática, S.L. These amounts were offset against balances at 31 December 2009.

At 31 December 2009 the Parent agreed to sell its remaining ownership interest in Kulteperalia, S.L. and Alba Adriática, S.L. The sale is expected to take place in 2011.

Non-current loans to related companies

In 2008 the Group acquired part of the mezzanine debt of Edam Adquisition Holding I Cooperative U.A. This was acquired from one of the banks from which the Company obtains credit and the acquisition price of EUR 14,735 thousand represented a significant discount on the nominal value of its assets. The loan matures in full in 2017 and it bears interest at market rates. In 2009, additional portions of the mezzanine debt were bought: EUR 4,295 thousand and EUR 4,293 thousand. Second lien debt was also acquired at EUR 5,133 thousand. This debt likewise matures in 2017 at a significant discount in respect of the nominal value of the assets.

Interest accrued in 2009 amounted to EUR 6,281 thousand (2008:EUR 455 thousand).

Implicit interest is also recognised under this heading to recognise the loans at amortised cost. The implicit interest amounts to EUR 4,685 thousand at 31 December 2009.

(Thousands of euros)

Holding the investment until maturity would represent internal rates of return for each tranche of 31.07%, 32.57%, 29.68% and 30.71% (2008:35%).

11. Other current assets

The breakdown of Other current assets at December 31, 2009 and December 31, 2008 is as follows:

	31.12.2009	31.12.2008
Prepaid expenses	10,892	4,159
Advance commissions	18	6
Total	10,910	4,165

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

12. Other current financial assets

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

	31.12.2009	31.12.2008
Short-term investments securities	-	398
Loans to associates	5,136	1,822
Total	**5,136**	**2,220**

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

13. Cash and cash equivalents

The breakdown of Cash and cash equivalents at December 31, 2009 and December 31, 2008 is as follows:

	31.12.2009	31.12.2008
Cash on hand and at bank	5,487	32,098
Cash equivalents	77	794
Total	**5,564**	**32,892**

No restrictions to the availability of balances exist

(Thousands of euros)

14. Equity

14.7 Share capital

At 31 December 2009 and December 31, 2008 the Company's share capital was represented by 246,641,856 fully subscribed and paid shares of EUR 0.5 par value each, traded by the book-entry system, the shareholder structure being as follows:

Owner	2009 % Interest	2008 % Interest
Mediaset Investimenti, S.p.A.	50,1	50,1
Corporación de Nuevos Medios Audiovisuales, S.L.U. (Gr. Vocento)	-	5,1
Market	48,5	43,5
Treasury shares	1,4	1,3
Total	100,0	100,0

All the Parent's shares carry the same rights.

Share transfers are governed by Private Television Law 10/1988, of 3 May.

The ultimate parent of the Group is Fininvest Spa, domiciled in Italy.

14.8 Dividends

On 1 April 2009, the shareholders at the Parent's Annual General Meeting resolved to pay a dividend of EUR 210,272 thousand out of the profit for 2008. This dividend was paid in May 2009 and amounted to EUR 0,865 per eligible share.

The dividend distributed in 2008 against 2007 profit was EUR 317,562 thousand. This was paid in May 2008 and represented EUR 1.30 per outstanding share.

14.9 Legal reserve

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

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

The legal reserve recognised by the Parent has reached the stipulated level, amounts to EUR 24,664 thousand and is recognised under “Other Reserves” in the accompanying consolidated statement of financial position.

14.10 Treasury shares

The treasury shares were acquired to cover the Company's obligations under its share option plans. These plans are detailed in Note 20.

At 31 December 2009, the Company has treasury shares of EUR 60,301 thousand valued at cost (31 December 2008: EUR 57,813 thousand).

The changes in "Treasury Shares" in 2009 and 2008 were as follows:

	2009		2008	
	Number of shares	Amount(*)	Number of shares	Amount(*)
At beginning of year	**3,106,913**	**57,813**	**3,014,813**	**56,469**
Increase	445,374	2,921	92,100	1,344
Decrease	-	-	-	-
At end of year	**3,552,287**	**60,734**	**3,106,913**	**57,813**

(*) Amounts in thousands of euros.

At 31 December 2009, the Company shares held by it and by its subsidiaries represented 1.44% of the share capital (31 December 2008: 1.26%).

The average purchase price of the treasury shares in 2009 and 2008 was EUR 6,56 and 14,59 per share, and no shares were disposed of neither in 2009 nor in 2008.

14.11Minority interests

The detail, by company, of the balance of "Minority Interests" in the consolidated statement of financial position at 31 December 2009 and 2008 is as follows:

	2009			2008		
	Minority Interest	Separated Profit(loss) Attributable to Minority Interests	Consolidated Profit(loss) Attributable to Minority Interests	Minority Interest	Separated Profit(loss) Attributable to Minority Interests	Consolidated Profit(loss) Attributable to Minority Interests
Cinematext Media, S.A.	-	-	-	747	192	-
Cinematext Med. Italia S.R.L.	-	-	-	67	13	-
Mediacinco Cartera, S.L.	(5,221)	(21,455)	(17,511)	12,287	(26,960)	(37,524)
Total	**(5.221)**	**(21,455)**	**(17,511)**	**(13,101)**	**(26,755)**	**(37,524)**

(Thousands of euros)

Mediaset Investiment S.A.R.L. is the minority partner of Mediacinco Cartera, S.L., to which it has granted a participative loan (Note 16). Accordingly, it has been assigned a negative amount as its minority interest's share.

15. Long-term provisions

These include provisions made in 2009 and prior years to cover, among other items, contingent risks arising from litigation in progress and unresolved tax assessments.

The changes in long-term provisions in the years ended 31 December 2009 and 2008 were as follows:

2009	Balance at 31.12.08	Charge for the Year	Amount used	Amounts Reversed	Transfer	Balance at 31.12.09
Provision for contingencies and charges	43,802	14,795	(2,323)	(10,352)	(24,602)	21,320
Other provision for contingencies	-	-	-	-	-	-
Long-term Provisions	43,802	14,795	(2,323)	(10,352)	(24,602)	21,320

2008	Balance at 31.12.07	Charge for the Year	Amount used	Amounts Reversed	Transfer	Balance at 31.12.08
Provision for liabilities and charges	61,484	14,072	(7,376)	(24,75)	-	43,802
Other provision for contingencies	28,607	-	-	-	(28,607)	-
Long-term Provisions	90,091	14,072	(7,376)	(24,378)	(28,607)	43,802

<u>Provision for liabilities and charges</u>

The provisions for contingencies and charges relate mainly to contingencies arising from unresolved litigation.

Since 2001 the Company has recognised provisions for litigation with collection societies, which have either filed suits against the Company claiming amounts for the purported use of their respective rights catalogues or have made claims, by any means, for payment of their respective fees.

(Thousands of euros)

The Group has reached agreements with some of these societies. This fact motivates the application of provision in prior years. Other suits are still pending in various jurisdictions, either because the Company does not recognise the right being claimed, or because claims are being made for fees in relation to differing degrees of usage of their respective catalogues. In this case the Group has allocated a provision, included under this heading, based on reasonable estimates of the amounts involved. The provision has been reclassified to current as this matter is expected to be resolved in 2010 (Note 17).

The provisions for liabilities and charges also include other amounts to cover probable contingencies based on a reasonable estimate of the amounts involved, mainly a tax provision for assessments signed in disagreement by the Parent (Note 18.2)

The Group's legal advisers and directors consider that the outcome of litigation and claims will not have a material effect on the financial statements for the years in which they are settled.

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

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

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

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

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

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

(Thousands of euros)

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

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

In June 2009 the corresponding notifications were received from the tax authorities confirming the aforementioned acquittal as ruled by the National Court of Justice; hence the Group reversed the current provisions of EUR 29,612 thousand (Note 17).

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

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

On 26 June 2009 and 24 July 2009 the tax authorities sent the company the tax assessment settlements. These were signed in disagreement. Consequently, the provisions were adjusted in light of the assessments raised by EUR 2,091 thousand and EUR 3,543 thousand and guarantees were deposited for these amounts. (Notes 15 and 19)

Other provisions

Most of the amount reversed and the provision applied in 2008 relates to the agreement signed with AGEDI (Spanish Association for the Management of Intellectual Property Rights) which settled the dispute regarding the use of sound recordings and payment for such use.

(Thousands of euros)

16 Other Non-current liabilities

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

	Balance at 31.12.09	Balance at 31.12.08
Loans to related companies	60,074	58,790
Advances received on loans	667	1,020
Bank borrowings	29,931	-
Other payables	264	220
Total	**90,936**	**60,030**

- Loans to related companies

  This includes the loan granted by Mediaset Investment, S.R.L.A. to Mediacinco Cartera, S.L. in 2007, which has a single and final maturity date i.e., 30 June 2012. This loan was granted to finance the acquisition of a 33% ownership interest in Edam Acquisition Holding I Cooperative U.A. It bears interest at Euribor plus 1%. On 30 June 2009, a portion of the balance payable to Mediaset Investment, S.R.L.A. was converted into a participative loan. The portion converted was EUR 27.5 million. The new loan matures on the same date as the original loan and interest payments were linked to the borrower's business performance.

  The interest accrued in 2009 on this loan was EUR 1,284 thousand. In 2008 the interest accrued was EUR 3,487 thousand.

- Bank borrowings

  Two bank loans are recognised under this heading, which mature in 2011 and bear interest at Euribor plus a market spread in keeping with the borrower's solvency.

  These loans offer a maximum credit limit of EUR 50 million.

17 Short-term provisions

This detail of “Short-Term Provisions” is as follows:

	Balance at 31.12.09	Balance at 31.12.08
Provisions for sales volume rebates	27,226	37,218
Provisions for contingences	30,244	31,351
Total	**57,470**	**68,569**

(Thousands of euros)

The current provisions for liabilities were considerably reduced in 2009. This was due in part to the favourable ruling on the tax-related proceedings (explained in Note 18.2), which led to the reversal of the provision of EUR 29.612 thousand set aside for said proceedings. The reversal is recognised under Other expenses on the separate income statement Note 22.4).

In addition, the portion of the amounts provisioned for matters which are expected to be resolved in 2010 (Note 15) are recognised in this heading.

In 2009, 3% of the Parent's gross operating income billed from September to December has been set aside pursuant to Law 8/2009 on the financing of Radio Televisión Española.

18 Tax matters

18.7Consolidated Tax Group

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

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

18.8 Years open to tax inspection

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

Once the Spanish Tax Authorities' Tax and Customs Control Department of the Central Office of Major Tax Payers had performed its verifications and investigations in 2009, the Group has the following items and years open to inspection:

Item (s)	Years
Income Tax	2008 to 2009
Value added tax	2008 to 2009
Withholdings, non-resident income tax	2008 to 2009
Taxes on games of luck, betting, and chance: raffles and tombola	06/2008 to 2009
Annual transaction statement	2008 to 2009
Consolidated statement of intra-regional delivery and acquisition of assets	2008 to 2009

(Thousands of euros)

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

18.9 Balances relating to Public Authorities

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

	Balance at 31.12.09	Balance at 31.12.08
Value Added Tax Liability	6,098	10,748
Personal income tax withholdings	2,087	2,451
Payable to Social Security	1,176	1,197
Other public entities.	280	463
Payable to tax authorities	**9,636**	**14,860**

	Balance at 31.12.09	Balance at 31.12.08
Deferred Tax Assets	**108,215**	**26,309**
Income Tax receivable	**5,660**	**41.698**
VAT receivable	2,434	10.672
Other tax receivables	5	3.094
Receivable from tax authorities	**2,439**	**13.766**

18.10Income tax reconciliation

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

	2009	2008
CONSOLIDATED INCOME STATEMENT		
Current income tax		
Current income tax expense	7,051	29,875
Deferred tax liabilities		
Relating to increases and decreases in temporary differences	(31,189)	(6,750)
	(24,138)	**23,125**

	2009	2008
CONSOLIDATED PROFIT BEFORE TAX	2,849	207,650
Tax rate	855	62,296
Permanent differences	1,462	(18,034)
Tax credits and rebates	(26,455)	(21,137)
	(24,138)	**23,125**

(Thousands of euros)

In 2009 and 2008, the Group has not allocated to consolidated equity any amount that would have a tax effect.

18.11 Reconciliation of rates

The reconciliation of the statutory tax rate in force in Spain to the effective tax rate applicable to the Group is as follows:

	2008
Tax rate in Spain	**30.00**
Investment tax credits	(7.08)
Movements in equity of equity consolidated companies	(9.58)
Other	(2.20)
Effective tax rate	**11.14**

For 2009 the reconciliation of the statutory tax rate to the effective rate has not been performed since the latter was negative due to the utilisation of tax credits.

18.12 Deferred taxes

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

	Balance at 31.12.09	Balance at 31.12.08
Deferred tax originating from:		
Provision for asset impairment	3,367	5,496
Provision for litigation	7,183	7,754
Other provisions	77,994	6,680
Deductions pending application	19,671	6,379
Total deferred tax assets	**108,215**	**26,309**

The unused tax credits mainly relate to tax credits for investments in film productions. The majority were generated in 2009. These tax credits may be used over the next 10 years.

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

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

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

19. Guarantee commitments to third parties

The breakdown, by nature, of the guarantees provided and received at 31 December 2009 and 31 December 2008 are as follows:

Nature of Guarantee	**31.12.09** (Thousands of Euros)	**31.12.08** (Thousands of Euros)
Guarantees provided		
Surety bonds for contracts, concessions and tenders	46,726	10,990
Payments into court	364	340
	47,090	**11,33**
Guarantees received	**26,515**	**40,916**

19.7Guarantees provided

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

The Group has provided guarantees totalling EUR 482 thousand to the Directorate-General for the Development of the Information Society (Ministry of Science and Technology, now the Ministry of Industry and Tourism) for an indefinite period of time to secure the repayable advances granted by that Directorate-General as aid for research and development in the following projects:

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

(Thousands of euros)

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

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

- A 3,543 thousand euro guarantee deposited with the Tax and Customs Control Department due to the appeal against the tax settlement agreement notified to the Group by said department on 24 July 2009 and which confirms the proposal given in the assessment from the tax inspection dated 1 September 2008. The tax inspection included verification of income tax for 2004, 2005, 2006 and 2007 (Note 18.2).

- A second guarantee of EUR 2,091 thousand was deposited with the Tax and Customs Control Department due to the appeal against the tax settlement agreement of which the Department notified the Group on 26 June 2009 and which confirmed the proposal given in the assessment from the tax inspection dated 1 September 2008. The tax inspection included the verification of the gaming tax in respect of bets and promotional draws, as well as raffles and tombolas from September 2004 up to and including May 2008 (Note 18.2).

The Group has deposited EUR 34.9 million in guarantees required for its commercial activity.

19.8Guarantees received

Under the Group's advertising contracting procedures, deferred sales must be accompanied by performance bonds. The amount of the guarantees received in this connection at 31 December 2009 and 31 December 2008 is shown in the preceding table.

20. Share-based payment plan

At 31 December 2009, as described below, the Group has five valid share option plans which it has granted to certain employees. The last share option plan was approved in 2009.

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

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

	2005 Plan	2006 Plan	2007 Plan	2008 Plan	2009 Plan
Strike	19.70	18.57	20.82	8.21	6.29
Yield on the share (dividend yield)	6%	6%	6%	10%	5%
Volatility	22,5%	22,5%	22,5%	27,5%	30%

(Thousands of euros)

The services received from employees in exchange for the share options granted are charged to the separate income statement at fair value calculated on the date granted. An expense of EUR 987 thousand was recognised for share options in 2009 (2008: EUR 2,182 thousand) (Note 22.2).

These share-based payment schemes in 2009 are shown in the following table (in any case, the granting conditions approved by the Board of Directors have been met):

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

21. Financial Instruments

21.1Derivatives

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

(Thousands of euros)

The breakdown, by maturity, of the notional amounts of derivatives outstanding at the Group at 31 December 2009 is as follows:

2009	Notional amount/ Maturity up to one year	Amount in USD		Fair value
		Dollars	Year - end (€/$) exc. rate	
Purchase of unmatured currency				
Purchase of dollars in euros	8,664	11,975	1.382	337
Sales of dollars in euros	(31)	(41)	1.288	(3)
Net	8,633	11,934		334

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

2008	Notional amount/ Maturity up to one year	Amount in USD		Fair value
		Dollars	Year - end (€/$) exc. rate	
Purchase of unmatured currency				
Purchase of dollars in euros	3,053	4,598	1.506	262

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

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

	Equity instruments		Debt securities		Loans, derivatives and other financial assets		Total	
(Thousands of euros)	2009	2008	2009	2008	2009	2008	2009	2008
Non-current financial assets								
Assets at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	34,537	16,082	34,537	16,082
Available-for-sale financial assets								
Measured at fair value	1,992	10,995	-	-	-	-	1,992	10,995
Measured at cost	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
TOTAL	1,992	10,995	-	-	34,537	16,082	36,529	27,077
Current financial assets								
Assets at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	187,135	241,957	187,135	241,957
Available-for-sale financial assets								
Measured at fair value	-	398	-	-	-	-	-	398
Measured at cost	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	3	262	3	262
TOTAL		398	-		187,138	242,219	187,138	242,617
TOTAL	**1,992**	**11,393**	**-**	**-**	**221,676**	**258,301**	**223,668**	**269,694**

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

	2009	2008
Non-current financial assets	36,529	27,077
Accounts receivable	182,003	240,397
Other current financial assets	5,136	2,220
	223,668	269,694

At 31 December 2009 and 2008 the only financial instruments the Group measured at fair value are those relating to its equity investments held in Alba Adriática, S.L. and Kulteperalia, S.L. (Note 10). The fair value of these financial assets at 31 December 2009 was calculated on the basis of the sale agreement for these investments (Note 10).

(Thousands of euros)	Bank borrowings 2009	Bank borrowings 2008	Bonds and other marketable debt securities 2009	Bonds and other marketable debt securities 2008	Payables, derivatives and other financial assets 2009	Payables, derivatives and other financial assets 2008	Total 2009	Total 2008
Non-current financial liabilities								
Trade and other payables	29,930	-	-	-	61,005	60,030	90,936	60,030
Liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
Held for trading	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
	29,930	**-**	**-**	**-**	**61,005**	**60,030**	**90,936**	**60,030**
Current financial liabilities								
Trade and other payables	75,637	-	-	-	195,722	192,997	271,359	192,997
Liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
Held for trading	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	337	-	337	-
	75,637	**-**	**-**	**-**	**196,059**	**192,997**	**271,696**	**192,997**
	105,567	**-**	**-**	**-**	**257,064**	**253,027**	**362,631**	**253,027**

Bank borrowings relates to the amounts drawn on credit facilities granted to the Group. They bear market rate interest. At 31 December 2009, the Group's undrawn credit amounted to EUR 222,611 thousand. This amounts to a considerable increase in its available working capital at 31 December 2009. The interest accrued on these loans in 2009 amounted to EUR 1,275 thousand.

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

	2009	2008
Other non-current liabilities (Note 16)	90,936	60,03
Payable to related parties (Note 24)	22,416	43,014
Accounts payable for purchases and services	102,57	88,044
Accounts payable for audiovisual rights	50,485	23,08
Other non-trade payables	96,224	38,859
	362,631	253,027

There are no significant differences between the fair value and the net carrying amounts of financial assets and liabilities at 31 December 2009 and 2008.

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

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

2008		Maturities			
	Balance	3 months	6 months	12 months	30 months
Payable for purchases or rendering of goods or services	88,044	83,997	2,860	135	1,051
Payables for purchases of audiovisual rights	23,080	22,239	841	-	-
Payables for acquisition of assets	3,174	3,061	113	-	-
Total	**114,298**	**109,297**	**3,814**	**135**	**1,051**

The maturities of the borrowings from related parties are shown in detail in Note 24.1.

21.3Capital management policy

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

21.4Risk management policy

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

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

21.4.1Credit risk

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

The Group maximum exposure to credit risk at December 31, 2009 and December 31, 2008 was as follows:

	2009 Thousands of euros	2008 Thousands of euros
Non-current receivables	34,537	16,107
Non-current financial investments	1,992	10,97
Trade and other receivables	179,415	239,159
Current receivables from Group companies and associates	2,587	1,238
Current investments	5,136	2,22
Cash and cash equivalents	5,564	32,892
	229,231	302,586

Receivables from public authorities are not included in the above table as it is considered that there is no credit risk associated with these.

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

21.4.2Operating activities

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

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

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

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

	2009		**2008**	
Thousands of Euros	Total amount	No. of customers	Total amount	No. of customers
From 0 to 100	9,657	850	8,048	695
From 100 to 200	7,359	53	6,082	45
From 200 to 500	10,110	34	9,091	28
From 500 to 1,000	15,053	21	8,341	12
Over 1,500	145,004	22	147,822	24
Total	**187,183**	**980**	**179,384**	**804**
Provisions	(15,960)		(15,960)	
Net	**171,223**	**980**	**163,780**	**804**

These balances all mature within less than 12 months.

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

21.4.3Investing activities

The financial assets considered as investment activity are non-current loans (Note 10), non-current financial investments (Note 10) and current financial investments (Note 12). Notes 10 and 12 provide information on the concentration of this risk and the related maturities.

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

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

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

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

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

21.4.4Liquidity risk

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

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

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

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

(Thousands of euros)

- The amount of the Group's revolving credit lines ensures that the Group is able to meet its operating needs as well as finance new short-term investment projects. At year-end 2008, the opening credit lines total 218 million euros. At the year-end 2009, the opening credit lines total 348 million euros. Given the difficult market situation, these credit lines have been contracted under very competitive financial conditions, which strengthen the financial sector's perception that the Group is creditworthy and sound.

21.4.5Market risk

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

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

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

	Reference Rate (%)	Cash Surpluses	Annual interest	100 bp	Annual interest	-30 b.p.	-100 b.p.	Annual interest
31-12-09	0.50%	-156,005	-707	1.453	-2,267	0.153	-	-239
31-12-08	2.60%	-25,852	-673	3.603	-931	-	1.603	-414

21.4.6Sensitivity analysis and estimates of the impact of changes in exchange rates on the separate income statement

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

The exposed statement of financial position value of these financial instruments was corrected by applying a symmetrical percentage change, equal to the 1-year implicit volatility of the currency in question published by Reuters (13,2% for 2009 and 19.5% for 2008), to the year-end exchange rate.

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

31/12/2009			31/12/2008		
USD	Exc. Rate	Differences	USD	Exc. Rate	Differences
11,934	1.446	-334	4,598	1.3917	262
Sensitivity test					
11,934	1.2501	926	4,598	1.1203	1,058
11,934	1.6311	-1.299	4,598	1.6631	-274

22. Income and expenses

22.1The detail of the Group's ordinary revenue is as follows:

Activity	2009 Thousands of Euros	2008 Thousands of Euros
Publiespaña Group advertising revenue	589,791	892,558
Other advertising revenue	355	804
Revenue from the rendering of services	32,948	33,676
Other	10,461	11,754
Total	**633,555**	**938,792**

These consolidated financial statements do not provide a breakdown of revenue by business segment because the Group does not have significant differentiated business or geographical segments.

22.2.The detail of "Staff Costs" in 2009 and 2008 is as follows:

	2009 Thousands of Euros	2008 Thousands of Euros
Wages and salaries	64,279	72,016
Accrued share-based payment costs (Note 20)	987	2,182
Social security costs	11,979	12,350
Employee benefit costs	2,296	2,670
Total	**79,541**	**89,218**

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

	2009		2008	
	Men	Women	Men	Women
Managers	70	30	74	30
Supervisors	28	45	33	49
Other line personnel	47	68	48	65
Clerical staff	439	381	452	386
Other	21	2	25	3
Employees under contracts for project work or services	2	6	8	11
Total employees	**607**	**532**	**640**	**544**

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

	2009		2008	
	Men	Women	Men	Women
Managers	68	30	71	27
Supervisors	29	42	32	49
Other line personnel	424	366	446	390
Clerical staff	46	69	48	69
Other	21	2	22	1
Employees under contracts for project work or services	3	7	2	6
Total employees	**591**	**516**	**621**	**542**

22.2The detail of “Change in Operating Provisions” at the statement of financial position date, which relates to the allowance for doubtful debts, is as follows:

	2009 Thousands of Euros	2008 Thousands of Euros
Charge for the year	3,324	2,450
Losses on uncollectible receivables	-	1
Amounts used	(2,929)	(555)
Total	**395**	**1,895**

22.3The breakdown of "Other expenses" in 2009 and 2008 is as follows:

	2009	2008
Other expenses	145,394	162,052
Overprovisions	(42,545)	(7,179)
Total	102,849	154,873

Overprovisions mainly includes the reversal of the provisions explained in Notes 15 and 17.

22.4 Services provided by the auditors

"Other operating expenses" in the accompany consolidated income statement includes the fees for the audit of the Group's financial statements in 2009, conducted by Ernst & Young, S.L., amounting to €171 thousand and €168 thousand in 2008.

The fees for other professional services provided exclusively to the Parent by the principal auditor amounted to €74 thousand at December 31, 2009 corresponding to audit-related services. At December 31, 2008, fees for other professional services amounted to €209 thousand, of which correspond to audit-related services.

22.5 The detail of the Group's net finance income in 2009 and 2008 is as follows:

	2009 Thousands of Euros	**2008** Thousands of Euros
Interest income	8,335	4,596
Less interest expenses	-5,240	-7,651
Total	**3.095**	**-3,055**

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

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

22.6 Exchange differences

The detail of the exchange differences in 2009 and 2008 is as follows:

	2009 Thousands of Euros	2008 Thousands of Euros
Exchange gains	292	509
Exchange losses	(186)	(851)
Total	**106**	**(342)**

The foreign currency transactions, which related to the acquisition of audiovisual property rights and distribution rights, amounted to USD 26 million in 2009 (2008: USD 24 million).

In addition, the balance of the trade payables for purchases of audiovisual property rights includes EUR 9,303 thousand denominated in US dollars in 2009 (2008: EUR 3,300 thousand).

Trade receivables for sales and services includes EUR 102 thousand denominated in US dollars in 2009 (2008: EUR 1,763 thousand).

22.7 Operating leases

The detail of "Operating Leases" in 2009 and 2008 is as follows:

	2009	2008
	Thousands of Euros	
Minimum lease payments under operating leases recognised in profit or loss	440	1.486
	440	**1.486**

The future operating lease obligations assumed by the Group fall due at one year and are for amounts similar to those for 2008.

23. Earnings per share

The calculation of the weighted average number of shares outstanding and diluted at 31 December 2009 and 2008 is as follows:

	31/12/2009	31/12/2008
Total shares issued	**246,641,856**	**246,641,856**
Less: treasury shares	(3,520,562)	(3,102,765)
Total shares outstanding	243,121,294	243,539,091
Dilutive effect of share options and free delivery of shares	(319,163)	-
Total number of shares for calculating diluted earnings per share	242,802,131	243,539,091

23.2Basic earnings per share:

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

Accordingly:

	2009	2008	Change
Net profit for the year (thousands of euros)	48,442	211,279	(162, 837)
Number of shares outstanding	243,121,294	243,539,091	(417, 797)
Basic earnings per share (euros)	**0.20**	**0.87**	**(0.67)**

23.3 Diluted earnings per share:

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

Accordingly:

	2009	2008	Change
Net profit for the year (thousands of euros)	48,442	211,279	(162, 837)
Number of shares for calculating diluted earnings per share	24,802,131	243,539,091	(736,960)
Diluted earnings per share (euros)	**0.20**	**0,87**	**(0.67)**

24. Related party transactions

24.2 Transactions with associates and shareholders

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

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

	31.12.2009		31.12.2008	
	Receivable	Payables	Receivable	Payables
Publieci Televisión, S.A.	-	-	172	-
Aprok Imagen SL.	-	2	-	164
Big Bang	19	1,616	-	-
Comeradisa	-	-	14	-
Producciones Mandarina, S.L.	1	1,397	318	2,28
La Fábrica de la Tele, S.L.	127	4,621	24	2,123
Alba Adriática, S.L.	879	1,161	8	751
Fundación Telecinco	-	-	2	-
Mediaset Group	465	1,149	163	1,977
Vocento Group	1	-	364	21,947
Endemol Group	257	12,470	85	13,772
Pegaso Televisión Group	838	-	88	-
Total	**2,587**	**22,416**	**1,238**	**43,014**

The mezzanine and second lien loans are explained in Note 10.

(Thousands of euros)

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

2009		Maturities		
	Balance	3 months	6 months	12 months
Investee	1,863	1,863	-	-
Mediaset Group	464	464	-	-
Other Companies	260	260	-	-
Total	**2,587**	**2,587**	**0**	**0**

2008		Maturities		
	Balance	3 months	6 months	12 months
Investee	627	627	-	-
Mediaset Group	163	163	-	-
Other Companies	448	448	-	-
Total	**1,238**	**1,238**	**0**	**0**

Current payables to related parties by maturity are as follows:

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

2008		Maturities		
	Balance	3 months	6 months	12 months
Investee	5,318	4,966	352	-
Mediaset Group	1,977	1,977	-	-
Other Companies	35,719	32,846	2,873	-
Total	**43,014**	**39,789**	**3,225**	**0**

(Thousands of euros)

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

	Sales of goods		Purchase of goods		Other sales		Purchase of rights	
	2009	2008	2009	2008	2009	2008	2009	2008
Publieci Televisión, S.A.	-	1,203	-	-	-	-	-	-
Aprok Imagen SL.	-	-	140	880	-	-	-	-
Big Bang	16	-	3,562	-	-	-	120	-
Premiere Megaplex	-	-	-	-	-	-	-	-
La Fábrica de la Tele, S.L.	1153	-	21,242	15,146	-	-	-	-
Producc. Mandarina, S.L.	108	75	7,295	14,642	-	-	-	-
Alba Adriática, S.L.	52	19	353	601	-	(136)	15,078	14,768
Mediaset Group	1,350	356	1,363	2015	2,458	4,453	-	451
Vocento Group	12	216	592	10,847	28	33	-	37,377
Endemol Group	29	413	36,402	47,141	-	-	-	-
Pegaso Group	840	768	-	-	-	-	-	-
Total	**3,560**	**3,050**	**70,949**	**91,272**	**2,486**	**4,350**	**15,198**	**52,596**

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

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

Credit facilities

	Current Limit	Drawn Down (Dr) Cr	Non-current Limit	Drawn Down (Dr) Cr	Maturity
Exercise 2009					
Associates or Shareholders	-	60,074	75,000	-	2012
Exercise 2008					
Associates or Shareholders	-	58,790	75,000	-	2012

The balance drawn down at year end 2009 includes the participative loan granted by Mediaset Investment, S.R.L.A. (Note 16)

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

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

(Thousands of euros)

24.3 Remuneration of directors

The Company's Board members earned total remuneration of EUR 4,175 thousand and EUR 4,080 thousand in 2009 and 2008, respectively, in the form of salaries and other compensation in kind.

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

In addition, in 2009 the Company's Board of Directors granted directors a total of 108,312 share options valued at EUR 38 thousand, which had not been exercised at 2009 year-end.

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

The exercise price of each option is EUR 6,29 (see Note 20).

At 31 December 2009, the most significant information on the share options granted by the Company to its directors is summarised as follows:

	Number of share options	Exercise Price (euros)	Beginning of Exercise Period	End of Exercise Period
Total Board of Directors				
Options granted in 2005	358,000	19.70	27/07/08	26/07/10
Options granted in 2006	433,250	18.57	26/07/09	25/07/11
Options granted in 2007	433,250	20.82	25/07/10	24/07/12
Options granted in 2008	216,625	8.21	30/07/11	29/07/13
Options granted in 2009	108,312	6.29	29/07/12	28/07/14

The number of options assigned in 2009 represent a cost of EUR 38 thousand. These options cannot be exercised since the granting conditions have not been verified.

Other disclosures on the Board of Directors

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

In compliance with Article 127 ter. 4 of the Spanish Corporation Law, and regarding the parent company, we hereby state that Giuseppe Tringali, Paolo Vaisle, Giuliano Adreani, José Ramón Alvarez Rendueles, Pier Silvio Berlusconi, Fedele Confalonieri, Ángel Durández Adeva, Marco Giordani, Miguel Iraburo Elizondo, Alfredo Messina, Borja de Prado Eulate, Massimo Musolini, Helena Revoredo Delvecchio and Mario Rodríguez Valderas, members of the Board of Directors of GESTEVISION TELECINCO, S.A. as of December 31, 2009, have not owned and do not own shareholdings in the share capital of companies that have a corporate purpose identical, similar or complementary to the activity that constitutes GESTEVISION TELECINCO, S.A.'s corporate purpose.

D. Alejandro Echevarría Busquet:

Subsidiary	Activity	Ownership	Duties
Vocento, S.A.	Communication	0.00878 %	-
Sociedad Vascongada de Publicaciones, S.A.	Newspaper publishing	0.1072 %	Board Member
Diario ABC, S.L.	Newspaper publishing	0.0002 %	-

In accordance with the aforementioned text, the following is a schedule of the activities carried out by the Company's Board of Directors at December 31, 2009, either on their own or on others' behalf, in company's engaging in business activities that are identical, similar or complementary to the activity that constitutes the corporate purpose of GESTEVISION TELECINCO, S.A:

D. Alejandro Echevarría Busquet:

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

D.Paolo Vasile

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Canal Factoría de Ficción, S.A.U.	Production and distribution of audiovisual products and programs	Company employee	Gestevisión Telecinco, S.A.	Board Member
Publieci Televisión, S.A.	Direct selling of products and services on TV and through other channels	Company employee	Gestevisión Telecinco, S.A.	Board Member
Publiespaña, S.A.U.	Advertising agency	Company employee	Gestevisión Telecinco, S.A.	Board Member
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	New agency	Company employee	Gestevisión Telecinco, S.A.	Board Member
Conecta 5 Telecinco, S.A.U.	Exploitation of audiovisual content on the Internet	Company employee	Gestevisión Telecinco, S.A.	Chairman
Grupo Editorial Tele 5, S.A.U.	Exploitation of rights; production and distribution of publications	Company employee	Gestevisión Telecinco, S.A.	Chairman
Telecinco Cinema, S.A.U.	Television broadcasting services and intermediation in the markets for audiovisual rights	Company employee	Gestevisión Telecinco, S.A.	Chairman

D. Giuliano Adreani

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

D. Pier Silvio Berlusconi

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

D. Fedele Confalonieri

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

D. Giuseppe Tringali

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Publitalia 80 S.p.A.	Selling of advertising space	Self-employed	-	Board Member
Publieurope Limited	Selling of advertising space	Self-employed	-	Board Member
Advanced Media, S.A.U.	Carrying out and executing advertising projects	Company employee	Publiespaña, S.A.U.	Joint CEO
Publieci Televisión, S.A.	Direct selling of products and services on TV and through other channels	Company employee	Publiespaña, S.A.U.	Chairman
Publiespaña, S.A.U.	Advertising agency	Company employee	Publiespaña, S.A.U.	Board Member
Publimedia Gestión, S.A.U.	Carrying out and executing advertising projects	Company employee	Publiespaña, S.A.U.	Joint CEO

D. Marco Giordani

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

D.Massimo Musolino

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

D. Mario Rodríguez Valderas

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Canal Factoría de Ficción, S.A.U.	Production and distribution of audiovisual products and programs	Company employee	Gestevisión Telecinco, S.A.	Secretary of the Board
Grupo Editorial Tele 5, S.A.U.	Exploitation of rights; production and distribution of publications	Company employee	Gestevisión Telecinco, S.A.	Secretary of the Board
Mediacinco Cartera, S.L.	Financial investments	Company employee	Gestevisión Telecinco, S.A.	Secretary of the Board

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

24.4 Compensation to key management personnel

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

No of persons		Total Compensation (Thousands of euros)	
2009	2008	2009	2008
21	25	9,162	8,275

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

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

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

210,851 share options for an amount of €74 thousand were assigned to senior executives in 2009 and this amount is recognized under "Staff Costs".

25. Significant events after the reporting date

After various meetings and negotiations, once its Board of Directors had expressly granted the corresponding approval, GESTEVISION TELECINCO, S.A. signed an agreement of terms and conditions (a Term Sheet or Agreement) with SOGECABLE, S.A. and its sole shareholder, PROMOTORA DE INFORMACIONES, S.A. (Prisa). The main aspects of this agreement are as follows:

- Through an exchange of shares Telecinco acquires all the share capital of a newly formed company, which includes the activity of "Cuatro" (SOGECABLE's open TV channel) in addition to a 22% ownership interest in Digital Plus.

- Prisa receives:

  - Newly issued Telecinco shares which, after the capital increase described below, will be equivalent to 18.3% of Telecinco's share capital. These shares are valued at approximately EUR 550 million based on the average quoted price during the 30 days prior to the signing of the agreement.

  - A cash payment of up to EUR 500 million.

- To finance the transaction and strengthen its financial position, Telecinco will carry out a capital increase of approximately EUR 500 million with pre-emptive subscription rights. Mediaset has acquired the commitment to subscribe all its allotted shares and the remaining portion of the capital increase is fully underwritten by a bank syndicate led by Mediobanca and J.P. Morgan (the banks acting as joint global coordinators and book runners), which will include BBVA and Banca Imi (acting as lead managers and book runners). The terms of the capital increase will be established when it is carried out.

- Prisa will have representation on Telecinco's Board of Directors in proportion to its ownership interest. Telecinco will likewise have representation on the Board of Directors of Digital Plus in line with its ownership interest in that company. In addition, the companies have agreed a series of matters related to their various businesses.

- The agreement is subject to the fulfilment of certain conditions, which include, inter alia, the verification of a legal, financial and tax review (due diligence confirmation), the negotiation and formalisation of the definitive documentation, the obtainment of the pertinent legal and competition authorisations, and the approval of the competent governing bodies at each company of the aforementioned transactions contained in the agreement.

- Moreover, after year end the Group has undertaken the commitment to acquire Endemol senior debt denominated in euros, dollars and pounds sterling with a discount in line with market conditions.

Madrid, 24 February 2010

Mr. Alejandro Echevarría Busquet	Mr. Giuseppe Tringali	Mr. Paolo Vasile	Mr. Giuliano Adreani
Mr. José Ramón Álvarez Rendueles	Mr. Massimo Musolino	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	Mr. Mario Rodríguez Valderas	Ms. Helena Revoredo Delvecchio	

BUSINESS ENVIRONMENT

Any attempt to put the corporate situation into context is inextricably linked to analysis of the global economic recession. The severe consequences of the crisis tested the very foundations of the world's economies, with markets falling more than at virtually any time in history barring possibly the 1929 crash. Consumption and investment took a nosedive, while the financial sector turmoil seriously undermined the economic prospects of businesses and families across the globe.

Because of the global economic crisis, unemployment is the most lasting evidence of the economic recession and jobless numbers are likely to remain high in 2010, above all in Spain. Meanwhile, some economies, such as the US, expect unemployment rates to begin easing in the year's second half.

By contrast, other global economic indicators herald a tenuous recovery, mainly underpinned by divergent domestic forecasts in western nations. The IMF and OECD are starting to tout the economic rebound as a stable trend, but tempered by the sluggish performances of domestic economies and businesses that have yet to remedy their financial problems or prune their burgeoning debt levels.

In short, economic activity looks set to remain lacklustre, although the global economic outlook is now showing signs of improving: steady reduction in inflation and moderate rebound in economic activity, jumpstarted by government stimulus packages and intervention in financial markets.

Like the year before, but probably more so given the scale of the slowdown, 2009 was marked by economic recession and the now commonplace declines in consumption and investment.

Given the close relationship between consumption and advertising spend, it was easy to predict that the audiovisual industry would suffer severely during the recession. To be sure, investment in TV advertising continues to plunge, falling an estimated 23.2% in 2009.

As a result, Telecinco was faced with the same challenge as the year before; i.e. the need to tailor its business model to objective market conditions so that it can remain the leading private network.

In this respect, Telecinco should be able to cope, thanks to a business model predicated on efficient, flexible and innovative management of its advertising share and a programming that includes classic programming, with solid earnings, but is constantly adapting to other formats demanded by its audience.

The steady rollout of DTT (digital terrestrial television) has led to a more fragmented TV market, bringing a host of new competitors to the industry. In this setting, it Telecinco wants to remain among the leaders, its needs to react to the new paradigm by diversifying.

Spain

Bank of Spain reports indicate that the Spanish economy continued to contract sharply in 2009, with the recession hitting its peak in the year's first quarter. By the year-end, GDP was still falling, but not as fast. The numbers paint a picture where recovery would be tantamount to a slight improvement in measured growth rates (in terms of GDP).

Domestic demand, undermined by the fall in business and household consumption, is holding up partly thanks to public administrations and some stimulus measure, e.g. direct aid for automobile purchases.

On the supply side, the drop in consumption had a ripple effect across all productive sectors, especially industry and construction. All this triggered job losses, especially in the early months of the year.

The Spanish monetary authority says that the global economic and financial situation has improved over the last few quarters, but that some areas and countries are rebounding faster than others are. Specifically, forecasts suggest that the economy will fare better than in 2009, but that growth will not top 2% until well into 2011.

Turning to the TV industry, the government has adopted far-reaching measures, such as the elimination of commercial advertising on RTVE as a source of financing, and the possibility of M&A between TV networks. Advertising sales prices have fallen over the last few years, but with RTVE no longer airing commercials, Telecinco possibly has a chance to raise its prices. In fact, prices have begun inching back up since this legislation was enacted. The second government initiative, within the framework of Law 7/2009 on urgent telecommunications measures, was to allow alliances so networks could compete efficiently in the new TV environment.

In short, the global and Spanish economic backdrop, coupled with new legislation makes for a particularly complicated and competitive environment in the communications industry in which Telecinco operates.

The Spanish advertising market

Although final figures are still out, TV advertising revenue fell an estimated 23% in 2009. Despite the magnitude of the fall, it marks an improvement from the nearly 30% year-on-year decline seen in the first nine months of the year.

Broad media industry trends show far larger declines in investment in conventional than unconventional media. In conventional media, TV networks delivered worse advertising investment numbers than newspapers; advertising spend in newspapers not only fell slower, but improved in percentage terms from 2008. Internet was the only unconventional media that maintained advertising revenue, while readings were terrible for investment in other media such as magazines and cinema.

In this setting, fragmentation has been a structural feature of the TV market in recent years. This has serious implications on the fragmentation of the advertising market, as broadcasters must decide where to invest. On top of the fragmentation of advertising spend between conventional and unconventional media, the arrival of new digital channels has led to a more scattered viewer audience.

The elimination of advertising on public networks as of 1 January 2010 provided Telecinco, as Spain's leading private network, a strategic opportunity to raise its advertising sales prices and boost its advertising revenue.

TELECINCO: CURRENT SITUATION AND OUTLOOK

Since the advent of DTT, fragmentation has been a key driver of the new TV media makeup. That said, the analogue blackout, which started on 30 June 2009, alongside the start of the digital era have led to a much broader TV offering, something which viewers certainly appreciate.

DTT now accounts for over half the minutes of viewing. Telecinco leads with way, with a 13.7% share, ahead of all the other public and private networks in Spain. Telecinco began broadcasting in digital in August 2009, achieving 74.7% penetration of Spanish households. Its strategy has made it leader in the multichannel and commercial environment. Looking at the ratios achieved in January 2010, Telecinco looks poised to be the leader once again this year.

In traditional TV, Telecinco is still the most watched private network, with a 15.1% share. By audience group, Telecinco is the channel women and "young, independent viewers" watch most. By region, Telecinco is the number one channel in Catalonia, the Canary Islands and the Basque Country. By time slot, it tops the ranks in late night viewing.

Telecinco is the only one of the three main free-to-air networks to increase its audience share in 2009, posting a 2.6% increase between the first and last quarters of the year.

Amid the fragmented audiovisual industry, a new legislative initiative has paved the way for mergers among TV networks. A case in point is the framework agreement entered into between Telecinco and Prisa. According to the terms of this agreement, Telecinco will acquire, through a share swap, all the shares of a company that will be set up to oversee the business of Cuatro (Sogecable, S.A.'s free-to-air TV broadcaster) in addition to a 22% stake in Digital Plus. In exchange, Prisa will receive EUR 500 million in cash and newly issued Telecinco shares which, after the capital increase described below, will represent an 18.3% stake in Telecinco. This agreement will boost Telecinco's share of the TV advertising market to 45%. Before this agreement can be executed, a series of milestones must be achieved; e.g. completion of confirmatory due diligence, signing of the final documentation and approval from the anti-trust authorities.

Telecinco also has the advantage of a sustainable business model. While the economic turmoil and the crisis in advertising revenue have been much harsher on some companies, Telecinco's solid business model, underpinned by efficient cost control, has enabled the company to stay in the black despite the fall in consumption and plunge in media advertising spend.

The tenuous signs of global economic recovery -sooner or later this should feed through to Spain, but it is anyone's guess as to when- the decision by RTVE not to broadcast commercials, the resilience of TV consumption and Telecinco's leadership in both audience and advertising sales prices all bode well for Telecinco to increase revenue and margins. However, much will depend on whether the Spanish economy definitely recovers.

Telecinco's main financial indicators in 2009 indicate how despite the adverse economic environment in which the network carried out its business, it was still able to present an excellent set of earnings at group level:

- Operating income for the Group totalled EUR 656.2 million. This was 33% lower than in 2008, mainly because of the plunge in advertising spend caused by the dire economic situation and increased audience fragmentation, yet Telecinco was once again the leader in TV advertising in Spain, with a share of over 26% of the total.

- Operating expenses amounted to EUR 533.5 million, improving 10.3% from the year before. Stripping out the reversal of provisions set up in the year, costs were 4.3% lower, reflecting the Group's customary ability to clamp down on expenditure even in a fiercely competitive market.

- Profit from operations amounted to EUR 122.8 million, which was equally noteworthy considering the circumstances surrounding the market in the year, leaving an operating margin of 18.7%. Net profit attributable to shareholders of the parent came to EUR 48.4 million.

Investment in 2009

In 2009, Telecinco forged ahead with its policy of investing in audiovisual broadcasting rights, which has proven so successful in recent years, selecting carefully the types of content in order to maintain audience figures in the future and provide the most fertile ground for the advertising business. The Company placed special emphasis once again on investment in Spanish fiction series.

Worth highlighting were the activities undertaken by Telecinco Cinema, the company charged with film production under the legal requirement of TV concessionaires to earmark 5% of operating revenue to Spanish and European film production.

Telecinco views this legal requirement, which will remain in place with the new audiovisual law, as a commitment to develop Spanish cinema. In line with this commitment, the Company produced pictures like Alejandro Amenábar's "Ágora," the Spanish box office hit of the year, with EUR 21 million in ticket sales. Other noteworthy films produced by Telecinco include "Celda 211," with gross ticket sales of over EUR 12 million, and "Spanish Movie," with over EUR 7.5 million. In all, new films by Telecinco represented 39% of all Spanish films watched by moviegoers in Spain in 2009. As for awards, "Celda 211" and "Agora" won 15 of the 28 Goya film awards. They also participated and garnered recognition in leading international film festivals, such as Cannes, Venice and Toronto.

In addition to these hits, Telecinco Cinema produced films in 2009 that will be shown in 2010, such as: "El Mal Ajeno", featuring Eduardo Noriega and Belén Rueda, selected to participate in the Berlin film festival; "Verbo" starring Miguel Angel Silvestre; or "Rabia," produced by Guillermo del Toro and chosen to participate in a number of film festivals around the world, including Tokyo (where it won a special jury prize), Havana, Toronto, Hong Kong and Malaga.

Looking ahead to 2010, Telecinco has a number of production projects of varying size and importance in the pipeline. Other productions include the next big budget film by Juan Antonio Bayona, director of blockbuster "El Orfanato" (also produced by Telecinco), which will feature a leading international cast. Projects currently in the production stage include "No habrá paz para los malvados," directed by Enrique Urbizu and starring José Coronado; "Agnosia," directed by Eugenio Mira and starring Eduardo Noriega; and "Lo mejor de Eva," directed by Mariano Barroso and starring Miguel Angel Silvestre.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

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

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

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

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

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

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

Verification of the Corporate Governance Report by an independent audit (PricewaterhouseCoopers).

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

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

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

RESEARCH AND DEVELOPMENT

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

EVENTS AFTER THE REPORTING PERIOD

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

TREASURY SHARES

In 2009, pursuant to the authorisation granted at the Annual General Meeting, the Company acquired treasury shares to cover the share option plan still in effect for Group directors and key management.

During the year, the Company acquired a total of 445,374 shares representing 0.18% of share capital for a nominal amount of EUR 2.9 million.

At year-end, the Company held 3,552,287 shares with a nominal value of EUR 1.7 million, representing 1.44% of share capital.

HEDGING

The Company arranges foreign exchange hedges in connection with transactions (primarily the acquisition of external production rights) denominated in foreign currency. These hedges are designed to prevent exchange-rate fluctuations from impacting the income statement via the outstanding amounts payable on these transactions. Specifically, the Company buys foreign currency forward for the amounts payable so as to match the forecast payment dates. These hedges are arranged when the Company recognises the corresponding rights on the balance sheet.

CAPITAL STRUCTURE

The Company's share capital totals EUR 123,320,928, made up of 246,641,856 shares of the same class represented by book entries and with a par value of EUR 0.50 each.

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

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

RESTRICTIONS ON THE TRANSFER OF SECURITIES

There are no restrictions on the transfer of the shares except as provided in article 21 of Spain's Private Television Law, 10/1988, of 3 May, pursuant to which:

1. Any individuals or legal entities intending to directly or indirectly acquire a significant ownership interest in the share capital of a concession holder shall give prior notification to the Ministry of Infrastructure and Development, indicating the percentage of the aforementioned ownership interest, the terms and conditions of the acquisition and the deadline for the transaction. A significant ownership interest in a concession holder of an essential television service shall be deemed to be a direct or indirect holding of at least five per cent of the share capital or of the voting rights attaching to the entity's shares.

2. The Ministry of Infrastructure and Development shall also be notified, in accordance with paragraph 1, of the intention to directly or indirectly increase the ownership interest so that the percentage ownership of the share capital or voting rights is equal to or exceeds any of the following thresholds: 5, 10, 15, 20, 25, 30, 35, 40 or 45 per cent.

3. The Ministry of Infrastructure and Development shall have three months from the date of entry of the related notification in any of the Department's registers to notify the acceptance or rejection of the intended acquisition. Acquisitions may be ruled out based on the lack of transparency of the structure of the group to which the acquirer may ultimately belong or on the existence of relations between the person or entity that intends to acquire the ownership interest and another concession holder of an essential television service that may breach the principle of non-concentration of media that underpins this Law.

4. The acquisition must be completed within a month of the aforementioned acceptance.

5. The provisions of this article shall apply without prejudice to the regulations governing significant ownership interests established in Securities Market Law 24/1988, of 28 July.

6. After the acquisition has been closed subject to the prior notification procedure provided for herein, the acquirer shall inform the Ministry of Infrastructure and Development, which shall file it in the Special Register of Concession Holders. In order for the registration to be completed, the seller shall also notify the Ministry of Infrastructure and Development of all transfers of shares by the concession holder which may result in a reduction of the ownership percentages below the thresholds established in paragraph 2 above.

Notifications of acquisitions or transfers in accordance herewith shall be made within a month of the related event.

(Thousands of euros)

SIGNIFICANT SHAREHOLDINGS

In so far as Telecinco's shares are represented via the book entry system, the shareholder register is managed by a third party entity, so that it is not possible to provide the Company's ownership structure in greater detail than disclosed legally-prescribed significant interests, which at the date of authorising this report for issuance, were as follows:

Name	% direct shareholding	% indirect shareholding	% of total
BERLUSCONI ,SILVIO	0	24.430	24.430
MEDIASET INVESTIMENTI S.P.A.	50.100	0.000	50.100
TWEEDY BROWNE COMPANY LLC	0.000	5.291	5.291
TWEEDY BROWNE GLOBAL VALUE FUND	3.150	0.000	3.150
HARRIS ASSOCIATES L.P.	0.000	5.159	5.159

RESTRICTIONS ON VOTING RIGHTS

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

SHAREHOLDER AGREEMENTS

There are no shareholder agreements currently in force.

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

A. Appointment and removal of directors.

Article 41 of the Company bylaws:

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

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

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

Article 54 of the Company bylaws:

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

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

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

Article 55 - Removal of directors

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

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

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

B. Amendments to the Company's bylaws.

Article 34.- Adoption of resolutions

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

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

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

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

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

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

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

- Authorisation for issue of the financial statements, management report and proposed distribution of profit and the consolidated financial statements and Group management report.
- Appointment of directors by co-optation and proposals to the General Meeting for the appointment, ratification, re-election or removal of directors.
- Designation and re-election of internal positions on the Board of Directors and members of committees.
- Establishment of the remuneration of the members of the Board of Directors, to be proposed by the Appointments and Remuneration Committee.
- Payment of interim dividends.
- Announcements relating to any takeover bids launched for the securities issued by the Company.

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

- Authorisation for issuance of the annual Corporate Governance Report.

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

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

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

- Approval of annual budgets and, if applicable, strategic plans.

- Oversight of investing and financing policy.

- Oversight of the shareholder structure of the Telecinco Group.

- Approval of corporate governance policy.

- Oversight of corporate social responsibility policy.

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

- Performance evaluation of the Company's executive directors.

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

- Approval of Company policy on treasury shares.

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

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

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

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

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

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

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

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

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

These transactions may be undertaken:

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

9.2. *Policy on treasury shares*

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

9.3. *General principles guiding trading in treasury shares*

Trading in treasury shares shall conform to the following principles:

9.3.1. Compliance with regulations

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

9.3.2. Purpose

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

9.3.3. Transparency

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

9.3.4. Insider information

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

9.3.5. Neutrality in price formation

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

9.3.6. Brokerage

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

9.3.7. Counterparty

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

9.3.8. Restrictions

Trading in Company shares shall not be engaged in during processes related to public offerings, takeover bids, mergers or other similar corporate operations unless expressly provided for in the prospectus for the transaction in question. The Company shall also refrain from trading in treasury shares during the closed periods established in article 4.3.4 of the Code of Conduct.

9.3.9. Amendment

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

9.4. *Stock option plans*

Notwithstanding the foregoing, the rules established in articles 9.1 to 9.3 of the Code shall not apply with respect to the acquisition of treasury shares to be subsequently granted to the beneficiaries of the Company's stock option plans approved by the Board of Directors or to the other trading in treasury shares entered into by the Company within the framework of a share buyback program. The aforementioned transactions shall be executed taking into account the particular characteristics thereof, the manner and the specific features established by the Board of Directors when approving the plans, which shall comply with the conditions established in the regulations implementing article 81.4 of the Securities Market Law.

9.5. *Designation and functions of the department responsible for the management of treasury shares*

The Management Control Department shall be responsible for managing treasury shares.

9.5.1. Special duty of confidentiality

The persons that form part of the Management Control Department assume special confidentiality commitments with respect to treasury share strategy and trading.

9.5.2. Duties

The Department shall be responsible for:

a) Managing the treasury shares in accordance with the general principles established in the Code of Conduct and those determined by the Telecinco Group's managing bodies.

b) Overseeing the performance of the Telecinco's shares and informing the director of regulatory compliance of any significant changes in the share price which cannot reasonably be attributed to market movements.

c) Keeping a record of all treasury share trades ordered and executed for consultation by the director of regulatory compliance, the Board of Directors or any other persons designated by the Board.

d) Establishing relationships with any supervisory bodies as necessary to correctly comply with the provisions of this Code.

e) Preparing a report on the Department's activities quarterly or whenever so required.

f) Notifying the director of regulatory compliance of any significant incident arising from the management of the treasury shares.

(Thousands of euros)

SIGNIFICANT AGREEMENTS THAT WOULD COME INTO FORCE, BE AMENDED OR EXPIRE IN THE EVENT OF A CHANGE OF CONTROL AT THE COMPANY

There are no significant agreements subject to a change in control at the Company.

AGREEMENTS BETWEEN THE COMPANY AND ITS DIRECTORS AND MANAGERS THAT PROVIDE FOR SPECIAL INDEMNITIES

The following table itemises the only instances of special indemnification schemes outstanding between the Company and its directors and managers.

Position	Guarantee or golden parachute clause
General Manager	Termination of contract by the Company (except for just cause): (in replacement of legally prescribed severance, unless the latter is higher) Termination between 24/04/02 and 31/12/07: 24 months' salary Termination between 2008 and 2011: 18 months' salary Termination thereafter: 12 months' salary
General Manager	Severance scheme: a) Voluntary redundancy: accrual per annum: fixed annual salary+annual bonus/13.5, so that total compensation is equivalent to the total years worked. b) Justified or unjustified dismissal: legally prescribed severance + severance set out in a) above
Division Manager	Termination of contract by the Company (except in case of just cause): An indemnity of one year of gross fixed salary plus legally prescribed severance.
Manager	Termination of contract for reason attributable to the Company (except in case of just cause): 18 months of fixed salary (including legally prescribed severance).