AUDIT REPORT

MEDIASET ESPAÑA COMUNICACIÓN, S.A. (FORMERLY GESTEVISIÓN TELECINCO, S.A.)
Financial Statements and Management Report
for the year ended
December 31, 2011

AUDIT REPORT ON THE FINANCIAL STATEMENTS
(Free translation of the original issued in Spanish. In case of conflict, the Spanish version prevails)

To the shareholders of MEDIASET ESPAÑA COMUNICACIÓN, S.A. (formerly GESTEVISIÓN TELECINCO, S.A.):

We have audited the financial statements of MEDIASET ESPAÑA COMUNICACIÓN, S.A., which consist of the balance sheet at December 31, 2011, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended. The Company's directors are responsible for the preparation of the financial statements in accordance with the regulatory framework for financial information applicable to the entity (identified in Note 2 to the accompanying financial statements), and specifically in accordance with the accounting principles and criteria contained therein. Our responsibility is to express an opinion on the aforementioned financial statements taken as a whole, based upon work performed in accordance with the regulatory audit standards prevailing in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the financial statements, and the evaluation of whether their presentation, the accounting principles and criteria applied, and the estimates made are in agreement with the applicable regulatory framework for financial information.

In our opinion, based on our audit and the audit report of the other auditors, the accompanying 2011 financial statements give a true and fair view, in all material aspects, of the equity and financial position of MEDIASET ESPAÑA COMUNICACIÓN, S.A. at December 31, 2011, as well as the results of its operations and cash flows for the year then ended, in conformity with the applicable accounting regulations regarding financial information and, especially, the accounting principles and criteria established therein.

While not affecting our audit opinion, we wish to draw attention to the accompanying Note 19, which states that the Company carries out a significant part of its transactions with other Group companies. The related-party transactions carried out in 2010 and the corresponding balances at year end are described in that note.

The accompanying management report for 2011 contains such explanations as the directors consider appropriate concerning the situation of MEDIASET ESPAÑA COMUNICACIÓN, S.A., the evolution of its business and other matters; however, it is not an integral part of the financial statements. We have checked that the accounting information included in the aforementioned management report agrees with the 2010 financial statements. Our work as auditors is limited to verifying the management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the Company's accounting records.

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

(formerly Gestevisión Telecinco, S.A.)

Financial Statements and Management Report for the year ended 31 December 2011

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Balance sheets at 31 December 2011 and 2010
(Thousand of euros)

ASSETS	Notes	2011	2010
NON-CURRENT ASSETS		**1,535,579**	**1,596,589**
Intangible assets	**6**	**747,970**	**154,596**
Patents, licenses and trademarks		237,405	215
Goodwill		287,979	-
Software		3,486	2,101
Audiovisual property rights		219,100	152,280
Property, plant and equipment	**5**	**53,632**	**44,761**
Land and buildings		27,319	28,569
Plant and other PP&E items		18,097	12,671
Property, plant and equipment under construction and prepayments		8,216	3,521
Investment in group companies and associates	**7**	**596,985**	**1,280,219**
Equity instruments		589,840	1,164,422
Loans to companies	**8**	3,735	115,797
Loans to associates		3,410	-
Financial investments	**8**	**5,902**	**5,683**
Loans to third parties		824	674
Derivatives		5,000	5,000
Other financial assets		78	9
Deferred tax assets	**15**	**131,090**	**111,330**
CURRENT ASSETS		**530,086**	**339,320**
Inventories	**9**	**7,710**	**2,285**
Finished products		7,394	2,005
Prepayments to suppliers		316	280
Trade and other receivables	**8,10**	**200,860**	**155,576**
Trade receivables		12,965	7,435
Trade receivables from group companies and associates	**19**	175,689	147,083
Other receivables		5	5
Receivables from employees		56	54
Current income tax assets	**15**	12,145	999
Investments in group companies and associates	**8**	**191,605**	**117,482**
Loans to companies		102,667	27,408
Other financial assets		88,938	90,074
Financial investments	**8**	**53,468**	**26,587**
Derivatives		2,112	332
Other financial assets		51,356	26,255
Other current assets	**11**	**65,400**	**9,856**
Cash and cash equivalents	**12**	**11,043**	**27,534**
Cash surpluses		11,043	27,534
TOTAL ASSETS		**2,065,665**	**1,935,909**

Read with the attached explanatory notes.
Madrid, 22 February 2012.

Balance sheets at 31 December 2011 and 2010
(Thousand of euros)

EQUITY AND LIABILITIES	Notes	2011	2010
EQUITY	**13**	**1,520,647**	**1,523,453**
CAPITAL AND RESERVES		**1,520,647**	**1,523,453**
Share capital		**203,431**	**203,431**
Issued capital		203,431	203,431
Share premium		**1,064,247**	**1,065,351**
Reserves		**200,450**	**225,482**
Legal and statutory reserves		40,686	24,664
Other reserves		159,764	200,818
Treasury shares		**(84,745)**	**(84,745)**
Profit for the year		**137,264**	**113,934**
NON-CURRENT LIABILITIES		**33,631**	**13,951**
Provisions	**14**	**28,302**	**12,371**
Provisions for contingencies and liabilities		28,302	12,371
Borrowings	**8**	**101**	**386**
Other financial liabilities		101	386
Deferred tax liabilities	**15**	**5,228**	**1,194**
CURRENT LIABILITIES		**511,387**	**398,505**
Provisions	**14**	**8**	**19**
Borrowings	**8**	**159,857**	**97,144**
Bank borrowings		61,759	60,185
Other financial liabilities		98,098	36,959
Borrowings from group companies and associates	**8**	**129,082**	**154,117**
Trade and other payables	**8**	**222,319**	**147,128**
Suppliers		177,083	79,748
Suppliers, group companies and associates	**19**	24,185	45,497
Other payables		529	12
Employee benefits payable		6,882	4,792
Other payables to public administrations	**15**	13,640	17,079
Accruals		**121**	**97**
TOTAL EQUITY AND LIABILITIES		**2,065,665**	**1,935,909**

Read with the attached explanatory notes.
Madrid, 22 February 2012.

Income statement for the years ended 31 December 2011 and 2010
(Thousand of euros)

	Notes	2011	2010
CONTINUING OPERATIONS			
Revenue	**18**	**830,928**	**671,411**
Sale		822,756	663,989
Rendering of services		8,172	7,422
Changes in inventory of finished goods and work in progress	**18**	**8**	**(4,226)**
Work performed by the entity and capitalised		**14,296**	**6,716**
Cost of sales		**(225,489)**	**(235,297)**
Consumption of goods for resale	**18**	(225,489)	(235,297)
Other operating income		**28,703**	**20,909**
Ancillary income		28,703	20,909
Employee benefits expense		**(95,322)**	**(52,175)**
Wages, salaries et al.		(81,194)	(43,484)
Social security costs	**18**	(14,128)	(8,691)
Other operating expenses		**(228,362)**	**(133,310)**
External services	**18**	(197,998)	(110,791)
Taxes		(28,117)	(21,206)
Losses on, impairment of and change in trade provisions	**10**	(2,247)	(1,313)
Depreciation and amortisation	**5,6**	**(230,818)**	**(149,140)**
Overprovisions		**3,316**	**10,149**
Impairment losses and gains (losses) on disposal of non-current assets		**(7,821)**	**11,312**
Impairment losses and losses	**5**	(7,240)	11,328
Gains (losses) on disposal and other gains and losses	**5**	(581)	(16)
OPERATING PROFIT		**89,439**	**146,349**
Finance Income		**70,420**	**73,723**
From equity investments		63,541	68,900
In group companies and associates	**19**	63,541	68,900
From marketable securities and other financial instruments		6,879	4,823
Of group companies and associates	**19**	5,486	3,593
Of third parties		1,393	1,230
Finance Cost		**(4,839)**	**(2,654)**
Borrowing from group companies and associates	**19**	(1,654)	(715)
Third-party borrowings		(3,185)	(1,939)
Change in fair value of financial instruments	**8**	**-**	**(825)**
Trading portfolio and other securities		-	(825)
Exchange gains (losses)		**936**	**(171)**
Impairment and gains (losses) on disposal of financial instruments		**(7,674)**	**(100,760)**
Impairment losses and losses		(8,517)	(100,768)
Gains (losses) on disposal and other gains and losses	**7**	843	8
FINANCIAL RESULT		**58,843**	**(30,687)**
PROFIT BEFORE TAX		**148,282**	**115,662**
Income tax	**15**	**(11,018)**	**(1,728)**
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**137,264**	**113,934**
DISCONTINUED OPERATIONS			
Profit/ (loss) after tax for the year from discontinued operations		**-**	**-**
PROFIT FOR THE YEAR		**137,264**	**113,934**

Read with the attached explanatory notes.

Madrid, 22 February 2012.

Statements of changes in equity for the years ended 31 December 2011 and 2010
(Thousand of euros)

A) Statement of recognised income and expenses for the years ended 31 December 2011 and 2010

	Notes	2011	2010
PROFIT FOR THE PERIOD		**137,264**	**113,934**
INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY			
From measurement of financial instruments		**-**	**-**
Available-for-sale financial assets		-	-
Other income/expense		-	-
From cash flows hedges		**-**	**-**
Currency translation differences		**-**	**-**
Grants, donations and bequests received		**-**	**-**
From actuarial gains and losses and other adjustments		**-**	**-**
Tax effect		**-**	**-**
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		**-**	**-**
AMOUNTS TRANSFERRED TO INCOME STATEMENT			
From measurement of financial instruments		**-**	**-**
Available-for-sale financial assets		-	-
Other income/expense		-	-
From cash flows hedges		**-**	**-**
Grants, donations and bequests received		**-**	**-**
Tax effect		**-**	**-**
TOTAL AMOUNTS TRANSFERRED TO INCOME STATEMENT		**-**	**-**
TOTAL RECOGNISED INCOME AND EXPENSE		**137,264**	**113,394**

Read with the attached Notes.
Madrid, 22 February 2012.

Statements of changes in equity for the years ended 31 December 2011 and 2010
(Thousand of euros)

B) Statement of changes in equity for the years ended 31 December 2011 and 2010

	Issued Capital	Share Premium	Legal Reserve	Reserves for share option plans	Reserves	Treasury shares	Profit for the year	TOTAL
ADJUSTED BALANCE AT 1 JANUARY 2010	**123,321**	**37,013**	**24,664**	**11,487**	**168,020**	**(60,734)**	**68,461**	**372,232**
Total recognised income and expense	-	-	-	-	-	-	113,934	113,934
Transactions with shareholders and owners	-	-	-	-	-	-	-	
Profit distribution	-	-	-	-	20,021	-	(68,461)	(48,440)
Capital increase	80,110	1,028,338	-	-	-	-	-	1,108,448
Transactions with shares or own equity instruments (net)	-	-	-	-	-	-	-	-
Incentive plans though share-based payments	-	-	-	1,290	-	-	-	1,.290
Others	-	-	-	-	-	(24,011)	-	(24,011)
Other changes in equity	-	-	-	-	-	-	-	-
ADJUSTED BALANCE AT 31 DECEMBER 2010	**203,431**	**1,065,351**	**24,664**	**12,777**	**188,041**	**(84,745)**	**113,934**	**1,523,453**
ADJUSTED BALANCE AT 1 JANUARY 2011	**203,431**	**1,065,351**	**24,664**	**12,777**	**188,041**	**(84,745)**	**113,934**	**1,523,453**
Total recognised income and expense	-	-	-	-	-	-	137,264	137,264
Transactions with shareholders and owners								
Profit distribution	-	-	16,022	-	-	-	(113,934)	(97,912)
Capital increase	-	(1,104)	-	-	-	-	-	(1,104)
Transactions with shares or own equity instruments (net)	-	-	-	-	-	-	-	-
Incentive plans though share-based payments	-	-	-	1,358	-	-	-	1,358
Merger	-	-	-	-	(164)	-	-	(164)
Extraordinary dividend	-	-	-	-	(42,248)	-	-	(42,248)
Other changes in equity	-	-	-	-	-	-	-	-
ADJUSTED BALANCE AT 31 DECEMBER 2011	**203,431**	**1,064,247**	**40,686**	**14,135**	**145,629**	**(84,745)**	**137,264**	**1,520,647**

Read with the attached Notes.

Madrid, 22 February 2012.

Cash flow statement for the year ended 31 December 2011 and 2010
(Thousand of euros)

	Notes	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**148,282**	**115,662**
Adjustments to profit		**196,939**	**137,963**
Depreciation and amortisation	5.6	230,818	149,140
Impairment losses	6.7	22,388	89,035
Changes in provisions		9,314	(29,143)
Finance income		(70,420)	(73,723)
Finance costs		4,839	2,654
Change in working capital	**9**	**(19,679)**	**1,186**
Inventories		3,983	4,272
Trade and other receivables		131,563	(16,086)
Other current assets		(55,537)	936
Trade and other payables		(99,712)	12,083
Other current liabilities		24	11
Other cash flows from operating activities	**19**	**52,639**	**41,274**
Interest paid		(4,839)	(2,654)
Dividends received		63,541	68,900
Interest received		6,879	4,823
Income tax receipts (payments)		(12,942)	(29,795)
CASH FLOWS FROM OPERATING ACTIVITIES		**378,181**	**296,085**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		**(361,950)**	**(733,853)**
Group companies and associates		(164,474)	(65,344)
Intangible assets		(157,790)	(137,119)
Property, plant and equipment		(12,678)	(5,883)
Other financial assets		(27,008)	(30,031)
Other assets		-	(337)
Acquisition /increase in equity investments		-	(495,139)
Proceeds from disposal		**77,286**	**19,657**
Group companies and associates		-	17,006
Intangible assets		1,645	136
Property, plant and equipment	5	287	45
Other financial assets		75,354	2,470
CASH FLOWS FROM INVESTING ACTIVITIES		**(284,664)**	**(714,196)**
CASH FLOWS FROM FINANCING ACTIVITIES			
	13		
Proceeds from and payments on equity instruments		**(1,104)**	**493,707**
Issue of shares		-	493,707
Cancellation of equity instruments		(1,104)	-
Acquisitions of treasury shares		-	-
Proceeds from and payments of financial liabilities		**1,289**	**(709)**
Issues	**8**	**1,574**	**29,511**
Bank borrowings		1,574	29,511
Repayment and redemption of		(285)	(30,220)
Bank borrowings		-	(29,930)
Other borrowings		(285)	(290)
Dividends paid and payments on other equity instruments		**(140,160)**	**(48,440)**
Dividends		(140,160)	(48,440)
CASH FLOWS FROM FINANCING ACTIVITIES		**(139,975)**	**444,558**
NET FOREING EXCHANGE DIFFERENCE		**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**(46,458)**	**26,447**
Cash and cash equivalents at 1 January	**12**	**27,534**	**1,087**
Cash and cash equivalents arising from merger	**20**	**29,967**	**-**
Cash and cash equivalents at 31 December	**12**	**11,043**	**27,534**

Read with the attached Notes.

Madrid, 22 February 2012.

1. Activity

MEDIASET ESPAÑA COMUNICACIÓN, S.A. (called Gestevisión Telecinco, S.A. until 12 April 2011), (hereinafter "the Company") was incorporated in Madrid on 10 March 1989. Its registered address is Carretera de Fuencarral a Alcobendas, no. 4, 28049 Madrid.

The Company engages in the indirect management of a public television service. The Company operated six TV channels (Telecinco, Siete, Factoría de Ficción, Boing, Cuatro and Divinity), having commenced test broadcasting in 2011 of a new channel: Energy. The licenses to operate these channels were granted as follows:

- Under the terms of the State concession granted by the General Secretariat of Communications' Resolution of 28 August 1989 and the concession agreement contained in the public deed of 3 October 1989, as well as all natural operations related to and as a consequence of that management.

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

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

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

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

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

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

The Company became exchange-listed on 24 June 2004, when it was listed on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia and became an IBEX-35 company on 3 January 2005.

Corporate transactions

On 27 July 2011, the merger of Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U., Sociedad General TV Cuatro, S.A.U. and Compañía Independiente de Noticias de Televisión, S.L. by Mediaset España Comunicación, S.A. was registered with the Madrid Mercantile Registry. Mediaset España Comunicación, S.A. was the sole shareholder of these companies. The merger was authorised by the Board of Directors on 22 July 2011.

As a result of the merger, Agencia de Televisión Latino-americana de Servicios y Noticias España, S.A.U, Sociedad General de Televisión Cuatro, S.A.U, and Compañía Independiente de Noticias Televisión, S.L, were extinguished and all their assets transferred to Gestevisión Telecinco, S.A, now Mediaset España Comunicación, S.A., based on the merger balance sheets at 31 December 2010. Mediaset España Comunicación, S.A. assumed all their rights and obligations without reservation, exception or limitations as established by law according to the terms of the merger agreement and as laid out in Articles 30 *et seq* of Law 3/2009, of 3 April, on structural modifications of commercial companies.

The merger took effect for accounting purposes on 1 January 2011.

The Company has a detailed list of the assets received in the merger and the acquisition date of each.

In respect of the aforementioned takeover and merger, the Company elected to apply the option set forth in Chapter VIII, Title VII of the revised Spanish Corporation Law, approved by Royal Legislative Decree 4/2004 of 5 March, regarding mergers, spin-offs, contributions of assets and exchanges of securities.

2 Basis of presentation of the financial statements

The financial statements have been prepared in accordance with Spanish GAAP enacted by Royal Decree 1514/2007 of 16 November, which was amended by Royal Decree 1159/2010, of 17 September and all prevailing mercantile law.

The figures shown in these financial statements are presented in thousands of euros unless otherwise indicated.

True and fair view

The accompanying annual financial statements have been prepared from the Company's accounting records in accordance with prevailing accounting legislation in order to give a true and fair view of the equity, financial position and results of the Company, as well as the cash flows reported in the cash flow statement.

These financial statements have been prepared by the directors of the Company and will be submitted for approval by the shareholders in general meeting. It is expected that they will be approved without modification.

Comparative information

Thus, in accordance with mercantile law, for comparative purposes the Company has included the 2010 figures in addition to those of 2011 for each item of the balance sheet, of the income statement, of the statement of changes in equity, of the cash flow statement and the of Notes thereto. The notes to the financial statements also include quantitative information from the previous year, except when an accounting standard specifically establishes this as unnecessary.

The merger explained previously must be considered when comparing the figures for 2011 with those of 2010.

Information on payment to suppliers in commercial transactions.

2010 was the first year in which the Resolution of 29 December 2010 passed by the Spanish Institute of Accounting and Auditors of Accounts (ICAC) regarding disclosures in the notes to financial statements included information concerning late payment to suppliers in commercial transactions. By virtue of the stipulations in Transitional Provision Two, for first-time application, the Company only provides information related to the past-due amounts payable to suppliers which at year-end exceed the legal payment deadline.

The Company has disclosed the required information for the first time in 2011.

Preparation of the consolidated financial statements

The Company, as the Parent of a corporate group in accordance with mercantile law and given that it is a listed company, is obliged to present consolidated financial statements in accordance with the International Accounting Standards as approved by the European Union. Accordingly, the corresponding consolidated financial statements were prepared together with these individual financial statements. Consolidated equity and net profit for the year ended 31 December 2011 totalled EUR 1,412,738 thousand and EUR 110,519 thousand, respectively.

Critical issues concerning the assessment of uncertainty

The preparation of the Company's annual financial statements require the Directors to make judgments, estimates, and assumptions which affect the application of accounting principles and the balances of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities at the reporting date. These estimates and assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amount of the assets and liabilities that are not readily apparent from other sources. Those estimates and assumptions are reviewed on an ongoing basis. The effects of the reviews of the accounting estimates are recognised in the period during which they are carried out, if they relate solely to that period, or in the period reviewed and future periods if the review affects both current and future periods. Nevertheless, the uncertainty inherent in the estimates and assumptions may lead to results that necessitate adjusting the carrying values of the assets and liabilities affected in the future.

Aside from the general process of making systematic and periodically revising estimates, the directors made certain value judgements on issues that have a special effect on the financial statements.

The main judgements as well as the estimates 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

When measuring non-current assets other than financial assets, especially goodwill and intangible assets with an indefinite useful life, estimates must be made to determine their fair value to assess if they are impaired. To determine fair value, the directors estimate the expected cash flows from assets or the cash-generating units to which they belong and apply an appropriate discount rate to calculate the present value of these cash flows.

Deferred tax assets

Deferred tax assets are recognised when the Income tax Group is likely to have future taxable profit against which these assets may be utilized.

To determine the amount of deferred tax assets that can be recognised, the directors estimate the amounts and dates on which future taxable profits will be obtained and the reversion period of taxable temporary differences.

Useful life of property, plant and equipment and intangible assets

The Company 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.

Provisions

The Company recognises provisions for risks in accordance with the accounting policy set forth in Note 4. The Company has made judgements and estimates regarding the probability of the occurrence of said risks, as well as the amount thereof, and has recognised a provision when the risk has been considered likely, estimating the cost that such an occurrence would represent for it.

Calculation of fair values, values in use and present values

Estimating fair values, values in use and present values entails calculating future cash flows and making assumptions on the future values of flows as well as the applicable discount rates. The estimates and related assumptions are based on historical experience and various other factors understood to be reasonable under the circumstances.

The Company values incentive plans through shares at fair value on the date of the concession. Making such an estimate at that date requires making estimates and judgements on the valuation option models 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, an estimate of dividend payments and the risk-free interest rate for the life of the option.

3. Appropriation of profit

The Directors have proposed the following appropriation of profit, expressed in thousands of euros, pending approval by the General Shareholders' Meeting:

	Amount
Proposed appropriation	
Profit for the year	137,264
Total	137,264
Appropriation to:	
Dividends	55,260
Goodwill reserve	14,399
Voluntary reserves	67,605
Total	137,264

Limitations on the distribution of dividends

The Company is obliged to transfer 10% of the profit for the year to a legal reserve until this reserve reaches an amount at least equal to 20% of share capital. Unless the balance of the reserve exceeds this amount, it cannot be distributed to shareholders.

Once the legal or the company bylaw requirements have been met, dividends may only be distributed against profit for the year or against freely distributable reserves if the value of equity is not lower than share capital or would not be caused to be less than share capital by the distribution of dividends. Accordingly, profit recognised directly in equity may not be distributed either directly or indirectly. Where losses exist from previous years that reduce the Company's equity to below the amount of share capital, profit must be allocated to offset these losses.

Companies are required to set aside a restricted reserve equal to the amount of goodwill shown in assets. An amount of profit representing at least 5% of goodwill must be earmarked for this purpose. If no profit or insufficient profit is earned, unrestricted reserves must be used for this purpose.

4 Recognition and measurement accounting policies

The main recognition and measurement accounting policies applied in the preparation of these financial statements are as follows:

Intangible assets

Intangible assets are measured at cost of acquisition or production, less accumulated depreciation and any impairment losses. Intangible assets with indefinite useful lives are not amortized but are subject to an impairment test at least annually and whenever there are indications. An intangible asset is recognised as such only if it is likely to generate future income for the Company and its cost can be reliably measured.

The financial expenses of specific or generic funding of assets with installation periods exceeding one year accrued before the assets are put to use are included in the acquisition or production cost.

In each case, the Company assesses the intangible asset's useful life to be either finite or indefinite.

Those that have finite useful lives are amortised over their estimated useful lives, and their recoverability is analyzed when events or changes arise that indicate that the net carrying amount might not be recoverable. Amortisation methods and periods are reviewed at year end and adjusted prospectively where applicable.

Goodwill

Upon acquisition, goodwill is initially measured at cost, being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, less the liabilities assumed.

Goodwill is not amortised. Instead, cash-generating units or groups of cash generating units to which goodwill has been assigned at the acquisition date are tested for impairment at least annually and any impairment loss is recognised accordingly.

Goodwill impairment losses cannot be reversed in future periods.

Computer software

This includes the amounts paid for title to or the right to use computer programs; those developed in-house are included only when they are expected to be used over several years.

Computer software maintenance costs are expensed directly in the year in which they are incurred.

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

Concessions, patents and trademarks

These relate mainly to trademarks and concessions for television channels.

The "Cuatro" trademark and the "Cuatro" multiplex operators' license were identified in the Sogecuatro Group purchase price allocation price (Note 6). The "Cuatro" trademark has an estimated useful life of 20 years.

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

Audiovisual property rights

The following intangible assets are recognised under this heading:

Property rights on external audiovisual production

These rights are initially recognised at their acquisition price. If they are acquired in closed packages and the breakdown of the individual value of each product is not provided, individual values are calculated based on a weighting factor equivalent to the acquisition cost of products of a similar type and category as if the acquisition were made on an individual basis. If the contract stipulates the individual value of each product/title, this is taken directly as the asset value.

The right is recognised at the time the material becomes available for broadcasting pursuant to the contract, and is recognised under Customer Advances until it becomes available for broadcasting. In the case of several rights associated with a single contract that become available during the same year but on different dates, the Company recognises the inclusion of the rights under the contract on the date on which the first right is available for broadcasting.

These rights are amortised based on the number of screenings, as follows:

1. Films and TV movies (non-series)

* Contractual rights for two screenings:

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

* Contractual rights for three or more screenings:

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

2. Other products (series)

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

When audience figures for first screenings or channel programming indicate that the net carrying amount is not in line with the estimated real value, specific impairment provisions are recognised for each product or right.

In-house series production rights

These include productions that the Company, as the owner, may both broadcast and subsequently sell.

Their value includes both the costs incurred directly by the Company and recorded in the line "Work performed by the entity and capitalised" of the Income Statement and the amounts billed by third parties.

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

Amortisation is based on the screenings, as follows:

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

First screening: 100% of the amortisable double value

- Series of less than 60 minutes and/or broadcast weekly

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

In addition, the residual values of broadcasting rights over three years old, from the date of recording of the assets, are written off.

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

Distribution rights

These include the rights acquired by the Company for use in all windows in Spanish territory.

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

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

In the free-to-air window, the amortisation of the rights is recognised in the same way as in the case of audiovisual property rights, as detailed in the corresponding note.

Coproduction rights

These include the coproduction rights acquired by the Company for use in all windows.

The cost of the right is that stated in the contract. Amortisation of distribution rights is recognised on the basis of the revenue generated in each window in which the right is used and estimated revenue from each window.

When the free-to-air broadcasting or right commences, it is reclassified under "Audiovisual Property Rights."
In the free-to-air window, the amortisation of the rights is recognised in the same way as in the case of audiovisual property rights, as detailed in the corresponding note.

Rights: options, scripts, development

Necessary expenses to analyze and develop new projects are recognised under this heading. Scripts acquired are measured at cost.

When a right to a production to which it is associated commences, the right is reclassified to the related rights account and amortised accordingly.

Master copies and dubbing

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

These are measured at cost and amortised in the same proportion as the audiovisual rights with which they are associated.

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 balance sheet under "Current assets – Other current assets".

Property, plant and equipment

Property, plant and equipment are initially measured at either acquisition or production cost.

Following initial measurement, they are stated at cost less accumulated depreciation and any impairment losses.

The financial expenses of specific or generic funding of assets with installation periods exceeding one year accrued before the assets are put to use are included in the acquisition or production cost.

When, based on an analysis of the nature and conditions of a lease agreement, all risks and rewards incidental to ownership of the leased item are considered to be substantially transferred to the Company, the agreement is classified as a financial lease. Therefore, the ownership acquired through these financial leases is measured, based on its nature in the PPE, at an amount equivalent to the lower of its fair value and the present value of the minimum payments set forth at the beginning of the lease agreement, minus the accumulated depreciation and any impairment loss. There were no finance lease agreements at year-end 2011 and 2010.

Expenses for repairs which do not prolong the useful life of the assets, as well as maintenance expenses, are recognised in the income statement in the year incurred. Expenses incurred for expansion or improvements which increase the productivity or prolong the useful life of the asset are capitalised as an increase in the value of the item.

Depreciation expenses are recognised in the income statement. The elements of this item are depreciated from the time in which they are available to be brought into service. Property, plant and equipment are depreciated by the straight-line method during the following years of estimated useful life:

	Ratio
Buildings	4 %
TV equipment	20 %
Plant	10-35 %
Tools	20 %
Automobile-related material	14 %
Furniture	10 %
Data-processing equipment	25 %
Sundry inventoriable materials	20 %

The Company reviews the assets' residual value, useful lives and the depreciation methods of property, plant and equipment at year-end and adjusts them prospectively where applicable.

Impairment of non-current non-financial assets

The Company assesses at least at each year-end whether there is an indication that a non-current asset or, where applicable, a cash-generating unit may be impaired. If any such indication exists, and in all events when goodwill or intangible assets have indefinite useful lives, the Company estimates the asset's recoverable amount.

The recoverable amount is the higher of the cash-generating unit's (CGU) fair value less cost to sell and value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired. To assess value in use, expected future cash flows are discounted to their present value using risk-free market rates, adjusted by the risks specific to the asset. For those assets that do not generate cash inflows largely independent of those from other assets or groups of assets, the recoverable amount is determined for the CGU to which the asset belongs.

Impairment loss and its reversion are recognised in the income statement. Impairment loss is reversed only if the circumstances giving rise to it have ceased to exist, except those related to goodwill. The reversal is limited to the carrying amount that would have been determined had no impairment loss been recognised for the asset.

Goodwill and intangibles with indefinite lives are tested for impairment by determining the recoverable amount of the cash-generating unit (or groups of cash-generating units) to which the goodwill relates. If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. At 31 December 2011, the recoverable amount of the cash-generating units exceeded carrying amount.

Financial instruments

Financial assets

A) Recognition and measurement

Financial instruments are classified into one of the following categories for measurement purposes:

1. Loans and receivables
2. Held-to-maturity investments
3. Financial assets held for trading
4. Other financial assets at fair value through profit or loss
5. Investments in group companies, joint ventures and associates
6. Available-for-sale financial assets

Financial assets are initially recognised at fair value. Unless there is evidence to the contrary, fair value is the transaction price. The transaction price is equivalent to the fair value of the consideration paid plus directly attributable transaction costs, except, for financial assets held for trading and other financial assets at fair value through profit or loss, directly attributable transaction costs are recognised directly in the income statement of the year in which the financial asset is acquired. In addition, for financial assets held for trading and available-for-sale financial assets, preferential subscription and any similar rights acquired will be part of the initial measurement.

a.1) Loans and receivables

Loans and receivables comprise financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business. The category also includes trade receivables, which are defined as financial assets that, in addition to not being equity instruments or derivatives, have no commercial substance, have fixed or determinable payments and are not traded on an active market. This category does not include financial assets for which the Company might not substantially recover all of its initial investment due to circumstances other than credit impairment.

Following initial recognition, financial assets included in this category are measured at amortised cost. Interest is recognised in the income statement using the effective interest rate method.

Nevertheless, trade receivables that mature within less than one year with no contractual interest rate, as well as advances and loans to personnel, dividends receivable and called-up payments on equity instruments, the amount of which is expected in the short term, are carried at nominal value both at initial and subsequent remeasurement, when the effect of not discounting cash flows is not significant.

Loans and receivables maturing in less than twelve months as of the balance sheet date are classified as current, and those maturing at over 12 months as non-current.

a.2) Held-to-maturity investments

Held-to-maturity investments include debt instruments with fixed maturities and fixed or determinable payments traded on active markets and which the Company has the positive intention and the financial capacity to hold to maturity.

Following initial recognition, financial assets included in this category are measured at amortised cost. Interest is recognised in the income statement using the effective interest rate method.

a.3) Financial assets held for trading

A financial asset is considered to be held for trading when:

a) It is originated or acquired to be sold in the short term,

b) It is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking, or

c) It is a derivative financial instrument, providing that is not a financial guarantee contract and has not been designated as a hedging instrument.

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes to fair value are recognised in the income statement for the year. The Company maintained no investments of this type at year-end 2011 and 2010.

a.4) Other financial assets at fair value through profit or loss

This category includes hybrid financial instruments, when it is not possible to separately measure the value of the embedded derivative or to reliably determine its fair value, either at the time of acquisition or at a subsequent date, or, when so elected, at the time of initial recognition, because the instrument has been measured at fair value.

This category also includes all financial assets that the Company has designated, at the time of initial recognition, for inclusion. This designation is only made when it results in more relevant information, because:

a) It eliminates or significantly reduces inconsistencies in recognition or valuation that otherwise would exist due to the measurement of assets or liabilities or due to the recognition of losses or gains thereon through the application of different criteria.

b) A group of financial assets or financial assets and liabilities is managed and the return thereon is evaluated on the basis of the assets' fair value, according to a documented investment or risk-management strategy, and, in addition, information regarding the Group is provided on a fair-value basis to the key management personnel.

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes to fair value are recognised in the income statement for the year.

a.5) Investments in Group companies, joint ventures and associates

This category includes equity investments in group companies, joint ventures and associates.

Upon initial recognition in the balance sheet, the investments are recognised at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid.

When an investment is newly classified as a group company, joint venture or associate, the carrying amount of that investment immediately prior to its new classification is taken as the cost of that investment. If applicable, any unrealised value adjustments to the investment which have been previously recognised directly in equity are left in equity until the investment is either sold or impaired.

Following initial measurement, these financial assets are measured at cost, less any accumulated impairment loss.

When a value must be assigned to these assets because they are derecognised or for another reason, the homogenous-groups weighted average cost method is applied, with *homogenous groups* understood to be those that have the same rights. Where preferential subscription or similar rights are sold or separated for the purpose of being exercised, the cost of these rights decreases the carrying amount of the respective assets.

a.6) Available-for-sale financial assets

This category includes debt securities and equity instruments of other companies not classified in any of the preceding categories.

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes in fair value are recognised directly in equity until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement. However, impairment losses and foreign exchange gains and losses on monetary assets denominated in foreign currency are recognised in the income statement. Interest, calculated according to the effective interest rate method and dividend income are also recognised in the income statement.

Investments in equity instruments whose fair value cannot be reliably determined are measured at cost, less any cumulative impairment. When a value must be assigned to these assets because they are derecognised or for another other reason, the homogenous-groups weighted average cost method is applied, with *homogenous groups* understood to be those that have the same rights. Where preferential subscription or similar rights are sold or separated for the purpose of exercising being exercised, the cost of these rights decreases the carrying amount of the respective assets. This amount is the fair value or the cost of the rights consistent with the measurement of the associated financial assets.

B. Interest and dividends received from financial assets

Interest and dividends from financial assets accrued subsequent to acquisition are recognised as income. Interest must be recognised using the effective interest rate method; dividends are recognised when the right to receive them is established.

For these purposes, financial assets are recognised separately on initial measurement, based on maturity, accrued explicit interest receivable at that date, and the proposed dividends at the time the assets are acquired. For these purposes, explicit interest refers to the contract interest rate applied to the financial instrument.

In addition, when distributed dividends are derived unmistakably from profit generated prior to the date of acquisition given that the amounts of distributed dividends exceeded the profit generated by the associate since acquisition, the dividends are not recognised as income and decrease the cost of the investment.

C) Impairment of financial assets

At year-end, the Company evaluates if its financial assets or group of financial assets are impaired.

Financial assets recognised at amortised cost (receivables and investments held to maturity)

Valuation adjustments are made, provided that there is objective evidence that the value of a financial asset, or group of financial assets, recognised at amortised cost has suffered an impairment loss as a result of one or more events that have occurred after their initial recognition causing a reduction or delay in estimated future cash flows.

The impairment loss on these financial assets is the difference between their carrying value and the present value of the future cash flows expected to be generated, minus the effective interest rate calculated at the time of their initial recognition. For financial assets with floating interest rates, the effective interest rate corresponding to the balance sheet date is used, in accordance with the contractual conditions. To calculate the impairment losses of a group of financial assets, models based on statistical methods or formulas are used. For investments held to maturity as a substitute for the present value of future cash flows, the market value of the instrument may be used, provided that it is sufficiently reliable to be considered representative of the value that the Company might recover.

Impairment losses, as well as the reversion thereof when the amount of the loss diminishes for reasons related to a subsequent event, are recognised as revenue or expenses, respectively, in the income statement. The reversal of an impairment is limited to the carrying value of the credit that would have been recognised on the reversal dates had no impairment loss been recognised.

Investments in Group companies, joint ventures and associates

When there is objective evidence that the carrying amount of an investment will not be recoverable, the required valuation adjustments must be made.

The valuation adjustment is the difference between the carrying amount of the investment and the recoverable amount, which is the greater of the investment's fair value, less costs to sell, and the present value of future cash flows derived from the investment. Unless better evidence of the recoverable amount of the investments is available, impairment of this type of asset has been estimated taking into account the equity of the subsidiary, adjusted by any unrealised capital gain existing on the measurement date.

Unless financial support has been promised to the investee, no provisions are set aside in excess of the value of the investment.

Impairment loss and its reversion are recognised as expenses or as revenue, respectively, in the income statement. The reversal of an impairment is limited to the carrying value of the estimate that would have been recognised on the reversal dates had no impairment loss been recognised.

Available-for-sale financial assets

When there is objective evidence of a decline in the fair value of this category of financial assets due to impairment, the underlying capital losses recognised as "Unrealised gains (losses) reserve" in equity are taken to the income statement.

The reversal of an impairment loss is recognised in the income statement. Such reversal is limited to the carrying amount of the financial asset that would have been recognised on the reversal date had no impairment loss been recognised.

D) Derecognition of financial assets

The Company derecognises all or part of a financial asset when the contractual rights to related cash flows expire or are transferred. In such cases, substantially all of the risks and rewards of ownership must be assigned, under circumstances that are evaluated by comparing the Company's exposure before and after the transfer with the variability in the amounts and the timing of the net cash flows of the transferred asset.

If the Company has not transferred or retained substantially all of the risks and rewards, the financial asset is derecognised if control over the asset has not been retained. The situation is determined in accordance with the transferee's capacity to transfer the asset. If control over the asset is retained, the Company continues to recognise it to the extent to which it is exposed to the changes in the value of the transferred asset, i.e., due to its continuing involvement, and the associated liability is also derecognised.

When the financial asset is derecognised, the difference between the consideration received, net of attributable transaction costs, including any new financial asset obtained less any liability assumed, and any cumulative gain or loss directly recognised in equity, determines the gain or loss generated upon derecognition and is included in the income statement in the year to which it relates.

The Company does not derecognise financial assets and it recognises a financial liability for an amount equal to the compensation received in the transfers of financial assets in which it has retained substantially the risks and rewards incidental to ownership, such as discounted bills, recourse factoring, disposals of financial assets under repurchase agreements at fixed prices or sale price plus interest, and securitizations of financial assets in which the company, as transferor, retains subordinated debt or other types of guarantees that substantially absorb estimated losses.

Financial liabilities

A) Recognition and measurement

The Company classifies its financial liabilities into the following categories:

1. Trade and other payables
2. Financial liabilities held for trading
3. Other financial liabilities at fair value through profit or loss

Financial liabilities are initially measured at fair value, which, unless there is evidence to the contrary, is equivalent to the fair value of the consideration received. For financial liabilities included in trade and other payables, directly attributable transaction costs are part of the initial recognition; for other financial liabilities, these costs are recognised in the income statement. Liabilities maturing in less than twelve months as of the balance sheet date are classified as current, and those maturing at over twelve months as non-current.

a.1) Trade and other payables

Trade and other payables comprises financial liabilities arising from the purchase of goods and services in the ordinary course of the Company's business. The category also includes non-trade payables, which are defined as financial liabilities that, in addition to not being derivative instruments, have not commercial substance.

Upon initial recognition in the balance sheet, they are recognised at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received, adjusted by directly attributable transaction costs.

Following initial recognition, financial assets included in this category are measured at amortised cost. Interest is recognised in the income statement using the effective interest rate method.

Nevertheless, trade payables maturing within less than one year with no contractual interest rate, as well as called-up payments on shares the amount of which is expected in the short term are carried at nominal value, both in the initial recognition and in the subsequent recognition, when the effect of not discounting cash flows is not significant.

a.2) Financial liabilities held for trading:

A financial liability is considered to be held for trading when:

a) It is issued primarily for the purpose of being repurchased in the short term,

b) It forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking, or

c) It is a derivative financial instrument, providing that is not a financial guarantee contract and has not been designated as a hedging instrument.

Financial liabilities are initially measured at fair value, which, unless there is evidence to the contrary, is equivalent to the fair value of the consideration received. Directly attributable transaction costs are directly recognised in the income statement.

After initial recognition, these assets are measured at fair value including any transaction costs relating to their sale. Changes to fair value are recognised in the income statement for the year. The Company maintained no investments of this type at year-end 2011 and 2010.

a.3) Other financial liabilities at fair value through profit or loss

This category includes hybrid financial instruments, when it is not possible to separately measure the value of the embedded derivative or to reliably determine its fair value, either at the time of acquisition or at a subsequent date, or, when so elected, at the time of initial recognition, because the financial instrument has been measured at fair value.

This category also includes all financial liabilities that the Company has designated, at the time of initial recognition, for inclusion. This designation is only made when it results in more relevant information, because:

a) It eliminates or significantly reduces inconsistencies in recognition or valuation that otherwise would exist due to the measurement of assets or liabilities or due to the recognition of losses or gains thereon by applying different criteria.

b) A group of financial liabilities or financial assets and liabilities is managed and the return thereon is evaluated on the basis of its fair value, according to a documented investment or risk-management strategy, and, in addition, information regarding the Group is provided on a fair-value basis to the key management personnel.

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes to fair value are recognised in the income statement for the year. The Company maintained no investments of this type at year-end 2011 and 2010.

B. Derecognition of financial liabilities

The Company derecognises a financial liability when the obligation under the liability is extinguished. And it also proceeds to derecognise its own financial liabilities that it acquires, even with a view to reselling them in the future.

When debt instruments are exchanged, provided that their contractual terms are substantially different, the original financial liability is derecognised and the new financial liability is recognised. Financial liabilities whose contractual terms are substantially modified are treated in the same way.

The difference between the carrying amount of the derecognised financial asset (or part of it) and the compensation paid, including any attributable transaction costs, which also includes any new asset transferred other than cash or liability assumed, is recognised in the income statement in the year to which it relates.

When debt instruments are exchanged whose contractual terms are not substantially different, the original financial liability is not derecognised, and the commissions paid are recognised as an adjustment to the carrying amount. The amortised cost of a financial liability is determined by applying the effective interest rate, which is the rate the makes the carrying amount of the financial liability on the modification date equal to the cash flows to be paid as per the new terms.

Financial derivatives and hedges

Cash flow hedges are hedges to exposure to variability in cash flows attributable to a specific risk associated with a recognised asset or liability or to a highly probable forecast transaction that may affect the income statement. The effective portion of the gain or loss on the hedge instrument is recognised directly in equity, whereas the ineffective portion is recognised in the income statement.

The amounts recognised in equity are transferred to the income statement when the hedged transaction affects profit or loss, as well as when financial expense or revenue is recognised, or when a forecast sale or purchase takes place.

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

If the forecast transaction is no longer expected to take place, the amounts previously recognised in equity are transferred to the income statement. If a hedge instrument expires, is sold, terminates or is exercised without being replaced or renegotiated, or its designation as a hedge is revoked, the amounts previously recognised in equity continue to be recognised under that heading until the transaction occurs. If the related transaction is not expected to take place, the amount is recognised in the income statement.

The Company's financial derivatives at 31 December 2011 and 2010 were classified as held for trading, with gains or losses recognised in profit or loss.

Treasury shares

Treasury shares are recognised in equity as a decrease in "Capital and reserves" when acquired. No loss or gain is shown in the income statement on sale or cancelation. Expenses incurred in connection with transactions with treasury shares are recognised directly in equity as a decrease in reserves.

Inventories

In-house production programs are recognised as inventories. These programs are recognised at production cost, which is determined by considering all costs attributable to the product which are incurred by the Company.

Advances paid for programs are also included,

They are expensed when the related programs are broadcast.

When the net realisable value of inventories is less than acquisition or production cost, the corresponding provision is recognised in the income statement.

Cash and cash equivalents

This heading includes cash, current accounts, short-term deposits and purchases of assets under resale agreements that meet the following criteria:

- They are readily convertible to cash.
- They mature within less than three months from the acquisition date.
- The risk of change in value is insignificant.
- They are part of the Company's standard cash management strategy.

In terms of the cash flow statement, occasional bank overdrafts used as part of the Company's cash management strategy are recognised as a decrease in cash and cash equivalents.

Provisions and contingencies

Provisions are recognised in the balance sheet when the Company has a present obligation (derived from a contract or a legal provision or from an explicit or implicit obligation) as a result of past events, and a quantifiable outflow of resources is likely to be required to settle the obligation.

Provisions are measured at the present value of the best estimate of the amount that an entity would have to pay to settle the obligation at the balance sheet date or to transfer it to a third party at that time, with provision discount adjustments recognised as a finance cost as they accrue. No discounts are made on provisions falling due within twelve months that do not have a significant financial effect. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Compensation receivable from a third party when provisions are settled is recognised as an asset, albeit not deducted from the amount of the provision, and provided that there is no doubt that this compensation will actually be received, and that it does not exceed the amount of the liability recognised. When a contractual or legal relationship exists by virtue of which the Company is required to externalize the risk, and thus it is not liable for the related obligation, the amount of the reimbursement is deducted from the amount of the provision.

In addition, contingent liabilities are considered to be possible obligations that arise from past events whose materialization depends on the occurrence of future events not wholly within the Company's control, as well as present obligations arising from past events regarding which it is not probable that an outflow of resources will be required to settle them or which cannot be reliably measured. Contingent liabilities are not recognised in the financial statements but are disclosed in the accompanying notes, unless the likelihood of an outflow of resources is considered remote.

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 recognised 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 granting of Company shares to the other executive directors and directors of group companies is recognised in the financial statements by increasing the value of the investment of said subsidiaries.

Transactions in foreign currency

The financial statements are presented in thousands of euros, which is the Company's functional currency.

Monetary items

Transactions in foreign currency are initially recognised at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevailing at the balance sheet date. All exchange gains or losses arising from translation as well as those arise when balance sheet items settled are recognised in the income statement.

Non-monetary items

Non-monetary items measured at historical cost are translated at the exchange rate prevailing on the date of the transaction.

Non-monetary items measured at fair value are translated at the exchange rate prevailing when the fair value is determined. When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in the income statement.

Income tax

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

In 2001, Digitel 5 Media, S.A.U. was included.

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

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

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

In 2005 Publiespaña, S.A.U., Publimedia Gestión, S.A.U. and Advanced Media, S.A.U. were included.

In 2006, Digitel 5 Media, S.A.U. was excluded, since a resolution had been passed in July 2006 to dissolve and liquidate it.

In 2007 Mediacinco Cartera, S.L. was included and Estudios Picasso Fábrica de Ficción, S.A.U. changed its company name to Telecinco Cinema, S.A.U.

In 2008, Conecta 5 Telecinco, S.A.U. was included.

In 2009, Canal Factoria de Ficción, S.A.U. was included.

In 2010 Advanced Media, S.A.U. was excluded as on 26 March 2010 it was agreed to dissolve and liquidate the company.

In 2011, Sogecable Media, S.L.U and Sogecable Editorial, S.L.U. were included. As a result of the merger described in Note 20, they no longer form part of Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.'s tax group.

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year, less any applicable rebates and tax credits, taking into account changes during the year in recognised deferred tax assets and liabilities. The corresponding tax expense is recognised in the income statement, except when it relates to transactions recognised directly in equity, in which case the corresponding tax expense is recognised in equity, and in business combinations in which is recorded as other assets and liabilities of the acquired business.

Deferred income tax is recognised on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is the amount attributed to it for tax purposes.

The tax effect of temporary differences is included in “Deferred tax assets” or “Deferred tax liabilities” on the balance sheet, as applicable.

Deferred tax liabilities are recognised for all temporary differences, except where disallowed by prevailing tax legislation.

The Company recognises deferred tax assets for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which these assets may be utilized, except where disallowed by prevailing tax legislation.

For business combinations in which deferred tax assets have not been accounted for separately at initial recognition because they do not meet the criteria, the deferred tax assets which are recognised during the measurement period and which arise from new information regarding matters and circumstances existing at the acquisition date will require an adjustment of the related goodwill. After the abovementioned measurement period, or as a result of new information regarding matters and circumstances existing at the acquisition date, they are written off or recognised directly in equity, depending on the applicable accounting policy.

At each financial year end, the Company assesses the deferred tax assets recognised and those that have not yet been recognised. Based on this analysis, the Company derecognises the asset recognised previously if it is no longer probable that it will be recovered, or it recognises any deferred tax asset that had not been recognised previously, provided that it is probable that future taxable profit will be available against which these assets may be utilized.

Deferred tax assets and liabilities are measured at the tax rate expected to apply to the period in which they reverse, as required by enacted tax laws and in the manner in which it reasonably expects to recover the asset's carrying value or settle the liability.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or non-current liabilities, respectively.

Income and expenses

Revenue and expenses are recognised when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

Income from sales and services

Revenue is recognised according to the economic substance of the transaction.

Income is recognised when it is probable that the profit or economic benefits from the transaction will flow to the Company and the amount of income and costs incurred or to be incurred can be reliably measured.

Revenue from the sale of goods or the rendering of services is measured at the fair value of the consideration received or receivable stemming from those goods or services, less any discounts, rebates and similar items given by the company, as well as indirect taxes on transactions reimbursed by third parties. Interest included in trade receivables maturing in not more than one year that have no contractual rate of interest is included as an increase in value of the revenue, because the effect of not discounting cash flows is not significant.

Leases

Leases in which the lessor maintains a significant portion of the risks and benefits of ownership of the leased asset are treated as operating leases. Payments or collections carried out under contracts of this type are recognised in the income statement throughout the period of the lease on an accrual basis.

Business combinations

Business combinations, understood as operations in which the Company acquires control of one or more businesses, are recognised using the purchase method. Under the purchase method, assets acquired and liabilities assumed are recognised, at the acquisition date, at fair value, provided that this value can reliably measured. In addition, the difference between the cost of the business combination and the value of these assets and liabilities is recognised, in the income statement, as goodwill, when the difference is positive, or as income, when the difference is negative. The criteria contained in the section on intangible assets of these Notes apply to goodwill.

Provisional values are used to measure business combinations when the necessary valuation process has not been completed prior to the financial year end. These values should be adjusted within a year from the date of acquisition. Adjustments recognised to complete initial measurement are made retroactively, thus the resultant values are those which would have been stated initially had the information been available, and therefore the comparative figures are restated.

The cost of a business combination is determined by the sum of:

a) The fair values on the acquisition date of the assets received, the liabilities incurred or assumed and the equity instruments issued by the acquirer. Nonetheless, when the fair value of the business acquired is more reliable, this value is used to estimate the fair value of the compensation paid.

b) The fair value of any contingent compensation which depends on future events or the fulfilment of certain conditions. Such compensation must be recognised as an asset, a liability or equity depending on its nature.

Under no circumstances is the cost of the business combination to include expenses related to the issuing of equity instruments or financial liabilities exchanged for assets acquired; these must be recognised according to the standard on financial instruments.

Other fees paid to legal advisors or other professionals involved in the transaction are recorded as an expense in the income statement. Under no circumstances are internal expenses generated as a result of any of these concepts to be included in the cost of the business combination. Likewise, those incurred by the acquiring entity related to the business combination are not to be included.

Generally, unless there is a more reliable valuation, the fair value of equity instruments or financial liabilities which are provided as compensation for a business combination is the quoted price if these instruments are quoted on an active market. If this is not the case, in the specific case of a merger and spin-off, the fair value is the value given to the shares or participation in the acquiring company when determining the corresponding exchange ratio.

When the carrying amount of the assets provided by the acquirer as compensation is not the same as their fair value, if applicable, the related difference is recognised in the income statement.

Related-party transactions

Related-party transactions are measured according to the valuation methods described above.

The prices of related-party transactions are adequately documented; hence the Company's directors consider there to be no risk of significant liabilities arising from these.

In mergers, the acquiree's assets and liabilities are measured at the related amount in the Group's consolidated financial statements.

Classification of current and non-current assets and liabilities

Assets and liabilities are classified in the balance sheet as current and non-current. Accordingly, assets and liabilities are classified as current when they are associated with the Company's operating cycle and it is expected that they will be sold, consumed, realised or settled within the normal course of that cycle; if they differ from the aforementioned assets, and are expected to mature, to be sold or settled within one year; if they are held for trading or are cash and cash equivalents whose use is not restricted to one year.

Audiovisual rights, classified as intangible assets, are included in full as non-current assets. Note 6 details those which the Company expects to use within a period of less than 12 months.

Environmental issues

In view of the business activities carried out by the Company, 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.

Termination benefits

In accordance with prevailing labour legislation, the Company is required to pay indemnities to employees who are dismissed under certain circumstances. Reasonably quantifiable indemnity payments are recognised as an expense in the year in which the Company creates a valid expectation on the part of the affected third parties that the dismissals will occur.

5. Property, plant and equipment

The breakdown and movements in property, plant and equipment in 2011 and 2010 were as follows:

2011	**01/01/11**	**Additions from merger (Note 20)**	**Additions**	**Disposals**	**Transfers**	**31/12/11**
Cost						
Land	14,970	-	-	-	-	14,970
Buildings	32,387	-	-	-	56	32,443
TV equipment, plant and tools	81,852	8,122	1,328	(4,618)	3,898	90,582
Furniture and fixtures	3,713	159	409	(254)	-	4,027
Data-processing equipment	11,550	1,370	564	(1,619)	2,936	14,801
Other PP&E	598	29	14	(54)	-	587
Property, plant and equipment under construction	3,521	1,222	10,363	-	(6,890)	8,216
Total	148,591	10,902	12,678	(6,545)	-	165,626
Accumulated depreciation						
Buildings	(18,788)	-	(1,306)	-	-	(20,094)
TV equipment, plant and tools	(72,584)	(6,283)	(3,514)	4,358	-	(78,023)
Furniture and fixtures	(2,619)	(40)	(273)	234	-	(2,698)
Data-processing equipment	(9,323)	(1,110)	(1,844)	1,612	-	(10,665)
Other PP&E	(516)	(25)	(27)	54	-	(514)
Total	(103,830)	(7,458)	(6,964)	6,258	-	(111,994)
Net carrying amount	**44,761**					**53,632**

2010	**1/1/10**	**Additions**	**Disposals**	**Transfers**	**31/12/10**
Cost					
Land	14,970	-	-	-	14,970
Buildings	32,382	-	-	5	32,387
TV equipment, plant and tools	82,638	1,146	(2,864)	932	81,852
Furniture and fixtures	4,172	135	(594)	-	3,713
Data-processing equipment	13,177	316	(2,511)	568	11,550
Other PP&E	706	14	(122)	-	598
Property, plant and equipment under construction	710	4,272	-	(1,461)	3,521
Total	148,755	5,883	(6,091)	44	148,591
Accumulated depreciation					
Buildings	(17,483)	(1,305)	-	-	(18,788)
TV equipment, plant and tools	(71,986)	(3,457)	2,859		(72,584)
Furniture and fixtures	(2,887)	(295)	563		(2,619)
Data-processing equipment	(10,460)	(1,365)	2,502		(9,323)
Other PP&E	(611)	(27)	122		(516)
Total	(103,427)	(6,449)	6,046	-	(103,830)
Net carrying amount	**45,328**	**(566)**	**(45)**	**44**	**44,761**

Additions in 2011 and 2010 are due primarily to the acquisition of plant for the Company to continue its business and to enlargements of the buildings where it performs its operations. Decreases in 2011 in 2010 relate primarily to idle and fully depreciated assets that the Company has eliminated from its balance sheet.

At 31 December 2011 and 2010, the amounts of fully depreciated assets still in use are as follows:

	2011	**2010**
Data-processing equipment	6,968	6,389
TV equipment, plant and tools	66,498	62,148
Other PP&E	4	4
Furniture and fixtures	1,898	1,493
	75,368	70,034

6. Intangible assets

The breakdown and movements in intangible assets in 2011 and 2010 are as follows:

2011	01/01/2011	Merger (Note 20)	Allocation of goodwill (Note 20)	Additions	Disposals	Transfers	31/12/11
Cost							
Cuatro signal transmission license	-	-	85,000	-	-	-	85,000
Merger goodwill	-	538,039	(250,060)	-	-	-	287,979
Trademarks and trade names	13,372	625	160,000	-	-	-	173,993
Audiovisual property rights	304,245	111,127	-	127,783	(99,577)	9,875	453,453
Master copies and Customs	9	-	-	-	(2)	-	7
Dubbing and other work	8,117	-	-	1,053	(89)	-	9,081
Coproduction rights	6,712	-	-	-	-	-	6,712
Fiction series rights	993,361	106,523	-	76,949	(8,755)	5,110	1,173,188
Distribution rights	10,397	-	-	-	-	-	10,397
Other auxiliary services (distribution)	539	-	-	-	-	-	539
Rights: options, scripts, development	625	-	-	933	(501)	(221)	836
Start-up expenses							
Prepayments, audiovisual property rights	5,127	7,357	-	3,111	(781)	(9,875)	4,939
Prepayments, fiction series rights	972	-	-	4,147	-	(4,889)	230
Prepayments, fiction rights	-	-	-	1,600	-	-	1,600
Computer software in progress	449	946	-	1,226	-	(2,082)	539
Software	14,638	1,828	-	535	(1,144)	2,082	17,939
Total	1,358,563	766,445	(5,060)	217,337	(110,849)	-	2,226,436
Accumulated amortisation							
Trademarks and trade names	(13,157)	(498)	-	(7,937)	-	-	(21,592)
Audiovisual property rights	(181,983)	(54,355)	9,135	(127,019)	99,577	-	(254,645)
Master copies and Customs	(8)	-	-	-	1	-	(7)
Dubbing and other work	(7,204)	-	-	(715)	89	-	(7,830)
Coproduction rights	(6,713)	-	-	-	-	-	(6,713)
Fiction series rights	(969,202)	(96,938)	-	(86,691)	8,755	-	(1,144,076)
Distribution rights	(10,397)	-	-	-	-	-	(10,397)
Other auxiliary services (distribution)	(539)	-	-	-	-	-	(539)
Software	(12,986)	(1,296)	-	(1,492)	782	-	(14,992)
Total amortisation	(1,202,189)	(153,087)	9,135	(223,854)	109,204	-	(1,460,791)
Impairment losses	(1,778)	-	(8,656)	(8,341)	1,100	-	(17,675)
Total	(1,203,967)						(1,478,466)
Net carrying amount	154,596						747,970

2010	1/01/10	Additions	Disposals	Transfers	31/12/10
Cost					
Trademarks and trade names	13,372	-	-	-	13,372
Audiovisual property rights	304,485	60,406	(66,094)	5,448	304,245
Master copies and Customs	13	-	(4)	-	9
Dubbing and other work	7,609	781	(273)	-	8,117
Coproduction rights	6,712	-	-	-	6,712
Fiction series rights	936,230	52,717	-	4,414	993,361
Distribution rights	10,397	-	-	-	10,397
Other auxiliary services (distribution)	539	-	-	-	539
Rights: options, scripts, development	127	685	(97)	(90)	625
Start-up expenses	-				
Prepayments, audiovisual property rights	7,220	3,355	-	(5,448)	5,127
Prepayments, fiction series rights	1,840	3,486	(30)	(4,324)	972
Computer software in progress	961	637	(4)	(1,145)	449
Software	13,433	438	(334)	1,101	14,638
Total	1,302,938	122,505	(66,836)	(44)	1,358,563
Accumulated Depreciation					
Trademarks and trade names	(13,127)	(30)	-	-	(13,157)
Audiovisual property rights	(176,002)	(72,075)	66,094		(181,983)
Master copies and Customs	(11)	(1)	4		(8)
Dubbing and other work	(6,527)	(950)	273		(7,204)
Coproduction rights	(6,713)	-	-		(6,713)
Fiction series rights	(900,953)	(68,249)	-		(969,202)
Distribution rights	(10,397)	-	-		(10,397)
Other auxiliary services (distribution)	(539)	-	-		(539)
Start-up expenses	(11,929)	(1,386)	329		(12,986)
Software	(1,126,198)	(142,691)	66,700	-	(1,202,189)
Total					
Impairment losses	(13,106)	(360)	11,688	-	(1,778)
Total	(1,139,304)				(1,203,967)
Net carrying amount	**163,634**				**154,596**

The additions relate to the acquisition of audiovisual rights for future broadcasts. The retirements mainly relate to transmission rights which have expired and which have been fully amortised; hence the Company derecognises these from its balance sheet.

Outstanding provisions at year-end 2011 and 2010 correspond to the net carrying amount of rights which, while expiring later than 31 December 2011 and 2010, did not feature in the channel's future broadcasting plans at the time of these financial statements were prepared. Should one of the Company's networks exercise these broadcasting rights, the provision would be reversed and the right would be amortised for the amount of the reversal. This would not have an impact on the income statement.

Of the total amount recognised under "Non-current assets - Audiovisual rights" in the balance sheet at 31 December 2011, the Company estimates a slightly higher percentage consumption than that estimated for the 12 months subsequent to year-end 2010 of 35%. This estimate was based on the best information available at that date using the programming budget for the next year.

At year-end 2011, there were firm commitments to acquire audiovisual property rights available starting 1 January 2012 for a total amount of USD139,836 thousand and EUR 155,284 thousand. At 31 December 2011, prepayments of EUR 4,758 and USD 262 thousand had been made in connection with said firm commitments to acquire audiovisual property rights.

At year-end 2010, there were firm commitments to acquire audiovisual property rights available starting 1 January 2011 for a total amount of USD135,858 thousand and EUR 237,699 thousand. At 31 December 2010, prepayments of EUR 5,127 thousand had been made in connection with said firm commitments to acquire audiovisual property rights.

At 31 December 2011 advances paid for fiction series totalled EUR 230 thousand. At 31 December 2010 these advances totalled EUR 972 thousand.

At 31 December 2011 and 2010, the amounts of fully depreciated assets still in use are as follows:

	2011	**2010**
Software	13,150	10,956
Co-production rights	6,712	6,712
Distribution rights	10,397	10,397
Other auxiliary services	539	539
	30,798	28,604

Impairment testing of goodwill

In accordance with accounting standards, at 31 December 2011, the Company tested its goodwill and intangibles with indefinite lives for impairment.

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

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

To test its goodwill for impairment, the Company took the free-to-air TV business' strategic plan and discounted the estimated future cash flows. The assumptions used in the cash flow estimates include the best estimate of future trends of advertising markets, audiences and costs. These estimates are based on past experience and estimates considered to be reasonable based on the sources of the company's external and internal information.

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

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

7. Investment in group companies and associates

The breakdown and movements in non-current investments in Group companies and associates in 2011 and 2010 are as follows:

2011	1/1/11	Merger (Note 20)	Additions	Disposal from mergers	Disposals	Transfers	31/12/11
Cost							
Equity instruments	1,380,287	6,241	602	(592,723)	(18,806)	142,500	918,101
Impairment losses	(215,865)	(6,108)	1,680	-	-	(107,968)	(328,261)
Total equity instruments	1,164,422	133	2,282	(592,723)	(18,806)	34,532	589,840
Receivables from group companies (Note 8)	246,663	-	7,600	-	-	(213,491)	40,772
Impairment losses	(130,866)	(1,985)	(8,744)	-	-	107,968	(33,627)
Total group companies	115,797	(1,985)	(1,144)	-	-	(105,523)	7,145
	1,280,219	(1,852)	1,138	(592,723)	(18,806)	(70,991)	596,985

2010	1/1/10	Additions	Disposals	Transfers	31/12/10
Cost					
Equity instruments	296,883	1,083,404	-	-	1,380,287
Impairment losses	(213,654)	(2,211)	-	-	(215,865)
Total equity instruments	83,229	1,081,193	-	-	1,164,422
Receivables from group companies (Note 8)	209,838	38,235	(1,410)	-	246,663
Impairment losses	(32,714)	(98,152)	-	-	(130,866)
Total group companies	177,724	(59,917)	(1,410)	-	115,797
	260,353	1,021,276	(1,410)	-	1,280,219

7.1 Description of investments in group companies and associates

The information relating to investments in group companies and associates is as follows:

Company	31/12/11 Direct equity interest (%)	31/12/10 Direct equity interest (%)	Activity
Group companies and associates:			
Publiespaña, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	100	100	Exclusive advertising concessionaire, Telecinco
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid (*)	-	100	News agency and producer of broadcast news
Premiere Megaplex, S.A. C/ Enrique Jardiel Poncela, 4, 28016 Madrid	100	50	Film and video distribution
Grupo Editorial Tele 5, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	100	100	Exploitation of rights; production and distribution of publications
Telecinco Cinema, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	100	100	Television broadcasting services and intermediation in the markets for audiovisual rights
Canal Factoría de Ficción, S.A.U. Ctra. De Fuencarral a Alcobendas, Km. 12,450 28049 Madrid (**)	-	100	Exploitation and distribution of audiovisual products
Conecta 5 Telecinco, S.A.U. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	100	100	Exploitation of audiovisual content on the Internet
Mediacinco Cartera, S.L. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	75	75	Financial management and intermediation services
Bigbang Media, S.L. C/ Almagro, 3 28010 Madrid	30	30	Production, distribution and exploitation of audiovisual rights; exploitation of industrial and intellectual property rights. Management and financial intermediation of audiovisual companies
Pegaso Televisión, Inc. Brickell Avenue, 1401 - Suite 33131 - Miami, Florida	43.71	43.71	Television stations and production of television content
Sociedad General TV Cuatro, S.A.U (*) Ctra. De Fuencarral a Alcobendas,4, 28049 Madrid	-	100	Indirect management of the free-to-air public TV service
Distribuidora Televisión Digital, S.A. (*) Avda. de los Artesanos,6 28760 Tres Cantos Madrid	22	22	Indirect management of the public pay TV service
Producciones Mandarina, S.L. C/ María Tubau, 3 4º, 28050 Madrid	30	30	Production of audiovisual programs
La Fabrica de la Tele, S.L. C/Ángel Ganivet, 18, 28007 Madrid	30	30	Production of audiovisual programs
Sogecable Media, S.L.U. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	100	-	Management and sale of advertising
Sogecable Editorial, S.L.U. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	100	-	Management of intellectual property rights

(*) Companies absorbed by Mediaset España Comunicación, S.A. (Nota 20).
(**) Sociedad dissolved and liquidated.

	Information on the year ended 31/12/11							
Company	Net carrying value at 31/12/11	Percentage ownership	Share capital	Reserves	Profit (loss) for the year	Total capital and reserves	Operating profit (loss)	Dividends distributed during the year
Publiespaña, S.A.U.	73,920	100	601	(5,187)	51,937	47,351	71,111	50,715
Agencia de Televisión Latinoamericana de Servicios y Noticias de España, S.A.U. (***)	-	-	-	-	-	-	-	-
Premiere Megaplex, S.A. (*)	46	100	131	(82)	(2)	47	(2)	-
Grupo Editorial Tele 5, S.A.U. (*)	120	100	120	(3,177)	6,067	3,010	8,653	6,579
Telecinco Cinema, S.A.U.	-	100	160	(24,448)	(3,239)	(27,527)	(4,640)	-
Canal Factoria de Ficción, S.A.U. (****)	-	-	-	-	-	-	-	-
Conecta 5 Telecinco, S.A.U.	-	100	62	1,313	(4,749)	(3,374)	280	4,311
Mediacinco Cartera, S.L.	42,372	75	50	47,925	8,520	56,495	(2,941)	-
BigBang Media, S.L.	60	30	200	1,090	1,615	2,905	2,456	-
Pegaso Televisión, Inc. (*****)	3,540	44	64,549	(63,499)	(1,080)	(30)	498	-
Sociedad General TV Cuatro (***)	-	-	-	-	-	-	-	-
DTS Distribuidora TV Digital (**)	469,649	22	126,286	780,283	45,117	951,686	72,020	-
Sogecable Media, S.L.U.	-	100	3	(589)	(878)	(1,464)	(700)	-
Sogecable Editorial, S.L.U.	3	100	3	287	867	1,157	1,238	-
La Fábrica de la Tele, S.L.	40	30	13	4,988	6,221	11,222	8,873	1,175
Producciones Mandarina, S.L.	90	30	5	1,827	4,423	6,255	6,537	762
	589.840							

(*) Unaudited data
(**) Company audited by Deloitte, S.L.
(***) Merged into Mediaset España Comunicación, S.A.
(****) Dissolved and liquidated
(*****) Information not available

Pegaso Television, Inc. data have been calculated with an interest rate EUR 1=USD 1.29 at 31st December 2011.

	Information on the year ended 31/12/10							
Company	Net carrying value at 31/12/10	Percentage ownership	Share capital	Reserves	Profit (loss) for the year	Total capital and reserves	Operating profit (loss)	Dividends distributed during the year
Publiespaña, S.A.U.	73,402	100	601	(6,154)	51,215	45,662	70,566	53,177
Agencia de Televisión Latinoamericana de Servicios y Noticias de España, S.A.U.	1,993	100	901	(1,005)	5,656	5,552	6,769	6,253
Premiere Megaplex, S.A. (*)	25	50	131	(82)	(1)	48	(1)	-
Grupo Editorial Tele 5, S.A.U. (*)	120	100	120	(1,476)	4,879	3,523	6,970	4,536
Telecinco Cinema, S.A.U.	-	100	160	(20,229)	(4,278)	(24,347)	(5,097)	-
Canal Factoria de Ficción, S.A.U. (*)	467	100	300	286	(2)	584	(3)	-
Conecta 5 Telecinco, S.A.U.	5,685	100	62	1,313	4,310	5,685	98	4,933
Mediacinco Cartera, S.L.	-	75	240,000	(256,782)	(125,243)	(142,025)	(789)	-
BigBang Media, S.L.	60	30	200	153	761	1,114	1,085	-
Pegaso Televisión, Inc.	3,952	44	62,317	(59,503)	(2,494)	320	(4,958)	-
Sociedad General TV Cuatro	590,730	100	6,011	62,771	(14,031)	54,751	(28,975)	-
DTS Distribuidora TV Digital (**)	487,988	22	126,286	698,545	166,717	991,548	220,943	-
	1,164,422							

(*) Unaudited data

Pegaso Television, Inc. data have been calculated with and interest rates EUR 1=USD 1.3362 at 31st December 2010.

The profit (loss) of the group companies and associates shown in the above table corresponds entirely to continuing operations. None of the group companies or associates is listed on the stock exchange.

A breakdown of the loans extended to the group companies at 31 December 2011 and 31 December 2010 are as follows:

	Thousands of euros	
	2011	**2010**
Mediacinco Cartera, S.A.	-	111,644
Conecta 5 Telecinco, S.A.	2,626	-
Telecinco Cinema. S.A.U.	973	4,153
Sogecable Media, S.L.U.	136	-
	3,735	115,797

Interest rates on these loans are EURIBOR plus a market spread.

The breakdown of “Loans to associates” at 31 December 2011 and 2010 is as follows:

	Thousands of euros	
	2011	**2010**
Pegaso Televisión Inc	3,410	-
	3,410	-

Interest rates on these loans are EURIBOR plus a market spread.

7.2 Significant movements

7.2.1 Equity instruments

a) Main changes in the year ending 31 December 2011

Mediacinco Cartera, S.L. capital increase

In 2011, in order to a restore its equity, the Company undertook the following transactions:

* A share capital reduction of EUR 236,996 thousand to offset losses.

* A share capital increase for a nominal EUR 47 thousand with a share premium of EUR 189,953 thousand in compensation of participating loans.

Mediaset España Comunicación, S.A., owner of 75% of Mediacinco Cartera, S.L., assumed its share of the previous transactions, as did the other shareholder, Mediacinco Cartera, S.L.

The participating loans held by Mediaset España Comunicación, S.A. and converted into equity amounted to EUR 142,500 thousand before conversion.

Acquisition of the remaining 50% of Premiere Megaplex, S.A.

On 28 November 2011, the Company acquired the 50% of Premiere Megaplex, S.A. it did not already own for EUR 24 thousand. This gave it 100% ownership of Premiere Megaplex, S.A.

Sogecable Media, S.L.U, Sogecable Editorial, S.L.U, Aprok Imagen, S.L., La Fabrica de la Tele, S.L., and Producciones Mandarina, SL:.

As a result of the merger between Agencia de Televisión Latinoamericana de Servicios España, S.A.U. and Sociedad General de Televisión Cuatro, S.A.U., the following companies were included in Mediaset España Comunicación, S.A.'s balance sheet (under "Non-current assets - Investments in Group companies and associates":

- Sogecable Media, S.L.U., with a net carrying amount of EUR 0 following the write-off of the value of the investment.

- Sogecable Editorial, S.L.U., with a net carrying amount of EUR 3 thousand.

- Aprok Imagen, S.L., with a net carrying of amount of EUR 0 following the write-off of the value of the investment.

- La Fabrica de la Tele, S.L. with a net carrying amount of EUR 40 thousand.

- Producciones Mandarina, S.L., with a net carrying amount of EUR 90 thousand.

Liquidation of Canal Factoría de Ficción, S.A.

On 10 November 2011, the Company decided on the simultaneous dissolution and liquidation of Canal Factoría de Ficción, S.A.U.

b) Main changes in the year ending 31 December 2010

Acquisition of 22% of DTS Distribuidora de Televisión Digital, S.A.

On 28 December the Company recognised the acquisition of 22% of the shares of DTS Distribuidora de Televisión Digital, S.A. at a cost of EUR 487,988 thousand. A capital increase was carried out at Gestevisión Telecinco, S.A. to finance this acquisition. The increase was recognised on 13 December 2010 at a nominal amount of EUR 43,409 thousand. It was carried out through the issue of 86,817,700 new ordinary shares of the same class and series as those already in circulation and existing shareholders were offered pre-emptive subscription rights. The issue price for the new shares was EUR 5.75 per share and the total increase amounted to EUR 499,202 thousand (Note 13).

On 21 March 2011 a dividend of EUR 18,338 thousand corresponding to profits generated prior to the acquisition of that company by Mediaset Spain Communication, S.A. was distributed, and therefore there has been a reduction of the value of their participation.

Acquisition of Sociedad General de Televisión Cuatro, S.A.U. (Sole shareholder company)

On 29 December 2010, by virtue of the agreements approved at the Extraordinary General Shareholders Meeting of Gestevisión Telecinco, S.A. held on 24 December 2010, a non-monetary capital increase was carried out, consisting of all the share capital of Sociedad General de Televisión Cuatro, S.A.U. (Sogecuatro) at a nominal amount of EUR 36,701 thousand. 73,401,870 ordinary shares were issued, each with a nominal value of EUR 0.50 and all of the same class and series as those already outstanding. The new shares were issued at their nominal value (EUR 0.50) plus a share premium equal to EUR 7.30 per share. The issue price, therefore, was EUR 7.80 per share. The capital increase amounted to EUR 572,536 thousand (Note 13).

Sogecuatro has been measured at the fair value of the Gestevisión Telecinco, S.A. shares which were granted to Sogecable. Based on the initial agreements signed, Sogecable was to receive all the shares issued in the non-monetary capital increase. However, the agreement established that if at 30 November 2010 Sogecuatro had financial debt or equity of less than EUR 25 million, the number of Gestevisión Telecinco, S.A. shares it would receive would be decreased by 2,866,972 shares unless Sogecable increased the equity of Sogecuatro, which did not occur. The final number of shares received by Sogecable was 70,534,898, representing 17.34% of all the share capital of Gestevisión Telecinco, S.A. The fair value of these shares was calculated as the quoted price on 29 December 2010. Consequently, the cost of Sogecuatro was EUR 590,730 thousand.

Increased investment in Pegaso Televisión Inc.

In July 2010 Gestevisión Telecinco, S.A. converted EUR 4,063 thousand (USD 5,392 thousand) of loans to Pegaso into share capital. Consequently, it increased its investment in Pegaso to 43.71% of its share capital.

7.2.2. Receivables from Group companies

Loan to Mediacinco Cartera, S.L.

The EUR 142,500 thousand balance of participating loans in 2010 was offset in full in 2011 with the proceeds from the capital increase and the share premium agreed by shareholders of Mediacinco Cartera, S.L. in an extraordinary meeting as they considered the company had no reserves (Note 7.2.1). A provision of EUR 106,519 thousand was recognised due to the equity situation of Mediacinco Cartera, S.L.

At 31 December 2010, this loan had a balance of EUR 75,662 thousand, which was transferred to current loans as it matured on 30 June 2012 (Note 7).

At 31 December 2010, the following loans had been granted to Mediacinco Cartera, S.L.:

* A participating loan of EUR 142,500 thousand. Due to the situation of the company's equity, a provision for EUR 106,519 thousand had been recognised. This loan bears interest (provided Mediacinco Cartera, S.L. obtains a profit) at the 1-month Euribor plus a spread of 2.5% and falls due on 30 June 2012.
* A loan of EUR 75,662 thousand maturing on 30 June 2012 and bearing interest at the 3-month Euribor plus a spread of 1%.

The terms of these loans are identical to those of the loans granted by the other shareholder of Mediacinco Cartera, S.L.

Participating loan granted to Telecinco Cinema

The participating loans amounted to EUR 28,500 thousand at 31 December 2011 and 2010. Give the situation of Telecinco Cinema, S.A.U.'s equity, provisions were recognised for those loans amounting to EUR 24,347 thousand in 2010 and EUR 27,527 thousand in 2011.

Participating loan to Sogecable Media,S.L.U.

In 2011, the Company agreed to the partial conversion of a EUR 1,600 thousand credit facility into a participating loan to Sogecable Media, S.L.U. A provision of EUR 1,463 thousand was recognised in 2011, decreasing the amount of the participating loan.

Participating loan to Conecta 5 Telecinco, S.A.U.

In 2011, the Company agreed to the partial conversion of a EUR 6,000 thousand credit facility into a participating loan to Conecta 5 Telecinco, S.A.U. A provision of EUR 3,374 thousand was recognised in 2011, decreasing the amount of the participating loan.

7.2.3. Loans to associated companies

Long-term credit to Pegaso Televisión Inc

This section includes the transfer from long-term credit to short term credit of Pegaso Televisión Inc. of EUR 3,410 thousand.

7.3. Impairment testing

Telecinco Cinema, S.A.U.

This subsidiary is engaged in cinematographic co-productions in compliance with the legal precepts that apply to television concessionaires. Therefore, it is not possible to obtain reliably evaluate the amount recoverable either by calculating the present value of the future cash flows from the investment or by estimating dividends to be received, which depend on the number of productions made in the future, on the type of production, and on their commercial success. For this reason, the Company has adjusted the valuation in accordance with the equity of the subsidiary as at year-and 2011 and 2010. Given that the value of the capital and reserves of Telecinco Cinema, S.A.U. was negative at 31 December 2011 and at 31 December 2010, the participative loan granted to Telecinco Cinema, S.A.U. has been impaired for the amount of the Company's negative capital and reserves (note 7.2).

Mediacinco Cartera, S.L.

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.

Once the impairment of Mediacinco Cartera, S.L. stemming from its interest in Grupo Endemol was recognised in its financial statements, the Company's interest in Mediacinco Cartera, S.L. was adjusted in accordance with its underlying carrying amount.

Given that Mediacinco Cartera, S.L. has negative equity at 31 December 2011 and 2010, a provision for the same amount as its negative equity has been set aside for the participative loan granted to Mediacinco Cartera, S.L.

Consider Mediacinco's capital increase, subscribed to by the Company through compensation of the participating loans to restore its equity, a provision was recognised for the shareholding in Mediacinco Cartera for the amount of the share in the investee's equity.

Pegaso Televisión Inc.

At year end 2011 and 2010, this investment's recoverable amount was determined from the market value of the merger with a local operator.

Sogecable Media, S.L.U.

Given that Sogecable Media, S.L.U. had negative equity at 31 December 2011, a provision for the same amount as its negative equity was recognised for the participating loan granted to Sogecable Media, S.L.U.

Conecta 5 Telecinco, S.A.U.

Given that Conecta 5 Telecinco, S.A.U. had negative equity at 31 December 2011, a provision for the same amount as its negative equity was recognised for the participating loan granted to it.

8. Financial instruments

8.1 Financial Assets

The breakdown of financial assets in 2011 and 2010 was as follows:

	Equity instruments		Debt securities		Loans, derivatives and other financial assets		Total	
(Thousands of euros)	2011	2010	2011	2010	2011	2010	2011	2010
Non-current financial assets								
Assets at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	13,047	121,480	13,047	121,480
Available-for-sale financial assets								
Measured at fair value	-	-	-	-	-	-	-	-
Measured at cost	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-		-	-	-
Total	-	-	-	-	13,047	121,480	13,047	121,480
Current financial assets								
Assets at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	443,821	299,313	443,821	299,313
Available-for-sale financial assets								
Measured at fair value	-	-	-	-	-	-	-	-
Measured at cost	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	2,112	332	2,112	332
Total	-	-	-	-	445,933	299,645	445,933	299,645

These amounts are disclosed in the balance sheet as follows:

	Total	
(Thousands of euros)	2011	2010
Non-current financial assets		
Investments in group companies and associates		
Loans to companies	7,145	115,797
Non-current financial investments	5,902	5,683
Total	13,047	121,480
Current financial assets		
Trade and other receivables (Note 10)	200,860	155,576
Loans to group companies	191,605	117,482
Financial investments	53,468	26,587
Total	445,933	299,645

a) Loans and receivables

	Thousands of euros 2011	2010
Non-current financial assets		
Loans to Group companies	7,145	115,797
Loans to third parties (notes 7 and 19)	824	674
Derivatives	5,000	5,000
Deposits given and prepayments	78	9
	13,047	121,480
Current financial assets		
Trade and other receivables (note 10)	200,860	155,576
Loans to Group Companies(note 19)	191,605	117,482
Short-term deposits	50,608	25,411
Deposits given and prepayments	748	844
	443,821	299,313

Current receivables from Group companies

Interest rates on these loans are EURIBOR plus a market spread. Loans to Group companies consist of swap facilities.

Also included under this heading are income tax credits with Group companies stemming from the tax consolidation.

Short-term deposits

At 31 December 2011 this amount mainly related to short-term deposits with credit institutions as shown below:

Date arranged	Maturity date	Annual interest rate	Principal (Thousands of euros)
23/12/2011	03/01/2012	3.06%	50,000
29/12/2011	05/01/2012	1.704%	570

The uncollected accrued interest on these investments was EUR 38 thousand.

Date arranged	Maturity date	Annual interest rate	Principal (Thousands of euros)
09/04/2010	10/01/2011	2.25%	25,000

The uncollected accrued interest on these investments was EUR 411 thousand.

Other financial instruments

Gestevisión Telecinco together with Sogecable (now Prisa TV) and Prisa had signed in 2010 an agreement whereby Gestevisión Telecinco has the option to obtain recognition of certain rights in its favour related to the management of the subgroup Digital+ (DTS Distribuidora Televisión Digital, S.A and subsidiaries).

The price of granting the option is EUR 5,000 thousand, paid by Telecinco to Prisa TV.

Gestevisión Telecinco may exercise this right within three months from the first anniversary of the completion of the purchase of Digital+. Execution of the rights of the Option Contract and payment of the exercise price are contingent upon the suspensive condition that the required authorisation is obtained from the anti-trust authorities.

Execution of the option bears an additional premium of EUR 5,000 thousand.

If such authorisation were not unconditional or subject to suspensive conditions (as ruled by an independent expert appointed by the parties) or if the parties did not reach an agreement to determine whether the conditions were substantial, Prisa TV, on the one hand, and Telecinco, on the other, would proceed, as appropriate, to:

- redeem the Telecinco shares held by Prisa TV.
- deliver Telecinco's investment in Digital+.
- pay the corresponding additional amount (whether Prisa TV or Gestevisión Telecinco), based on the value of both investments.

b) Available-for-sale financial assets

In 2010, this item includes the equity investments in Alba Adriática, S.L. and Kulteperalia, S.L.

The amount and the movements in the year in the items of which non-current Financial Investments are composed were as follows:

	Balance 31/12/09	**Additions**	**Disposals**	**Balance 31/12/10**
Equity instruments	4,260	-	(3,658)	602
Impairment losses	(1,896)	(71)	1,816	(151)
Uncalled share capital	(451)	-	-	(451)
Total equity instruments	1,913	(71)	(1,842)	-

Main changes in the year ended 31 December 2010

Sale of the ownership interest in Alba Adriática,S.L. and Kulteperalia, S.L.

Under the agreement signed on 8 November 2010, Gestevisión Telecinco, S.A. sold its 5% ownership interest in each of the companies, Alba Adriática, S.L. and Kulteperalia, S.L. to Gecaguma, S.L. As a result of this transaction, Gestevisión Telecinco, S.A. received EUR 1,500 thousand in respect of Alba Adriática, S.L. and EUR 500 thousand in respect of Kulteperalia, S.L.

c) Derivatives

The Company uses derivatives to hedge its risks against foreign-currency fluctuations on the purchase of audiovisual property rights made in the year. It also hedges against foreign currency risk on commercial transactions with customers, and these transactions were recognised in the Company's balance sheet of financial position.

The breakdown of the notional values of the derivatives outstanding in the Company at 31 December 2011 is as follows:

		USD Amount		
ASSETS	**Notional value/Maturity Within 1 year**	**Dollars**	**Year-end rate (€ /$) rate (€ /$)**	**Fair value**
Unmatured foreign-currency purchases:				
Purchases of dollars against euros	32,649	44,877	1,2939	2,112
Sales of dollars against euros	-	-	-	-
Net balance	32,649	44,877	1,2939	2,112

The notional amounts of the financial derivatives outstanding at the Company at 31 December 2010 are as follows:

		USD Amount		
ASSETS	**Notional value/Maturity Within 1 year**	**Dollars**	**Year-end rate (€/$) rate (€/$)**	**Fair value**
Unmatured foreign-currency purchases:				
Purchases of dollars against euros	9,899	13,643	1,3362	332
Sales of dollars against euros	-	-	-	-
Net balance	9,899	13,643	1,3362	332

Foreign currency hedges on rights contracts are measured as the difference between the present value of the foreign currency hedge at the forward rate for the contract and the value of the foreign exchange hedge at the year-end exchange rate.

8.2 Financial liabilities

The breakdown of financial liabilities in 2011 and 2010 was as follows:

(Thousands of euros)	Bank borrowings 2011	Bank borrowings 2010	Bonds & other marketable debt securities 2011	Bonds & other marketable debt securities 2010	Derivatives and other financial liabilities 2011	Derivatives and other financial liabilities 2010	Total 2011	Total 2010
Non-current financial liabilities								
Trade and other payables	-	-	-	-	101	386	101	386
Liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
	-	-	-	-	101	386	-	386
Current financial liabilities								
Trade and other payables	61,759	60,185	-	-	449,499	338,204	511,258	398,389
Liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
	61,759	60,185	-	-	449,499	338,204	511,258	398,389
	61,759	60,185	-	-	449,600	338,590	511,359	398,775

These figures are classified in the balance sheet as follows:

	Thousands of euros 2011	2010
Non-current financial liabilities		
Borrowings	101	386
	101	386
Current financial liabilities		
Borrowings	159,857	97,144
Borrowings from group companies and associates	129,082	154,117
Trade and other payables	222,319	147,128
	511,258	398,389
	511,359	398,775

a) Bank borrowings

In 2011 the Company has renewed and increased its credit facilities to a total of EUR 303,000 thousand. These bear interest at EURIBOR plus a market spread in line with the Company's solvency.

At the date of authorisation for issue of these financial statements, some of these credit facilities had been renewed and their maturities extended to 2014.

At 31 December 2011, the Company had undrawn credit amounting to EUR 241,241 thousand. This amounts to a considerable increase in its available working capital at 31 December 2011.

In 2010 existing credit facilities were renewed and extended up to a total of EUR 303,000 thousand. These bear interest at EURIBOR plus a market spread in line with the Company's solvency. The credit facilities mature between January 2011 and December 2012.

At 31 December 2010 EUR 242,815 thousand had not been drawn down.

b) Derivatives and other financial liabilities

b.1) Borrowings form Group companies

The interest rate on these borrowings is EURIBOR plus a market spread. Loans to Group companies consist of swap facilities. Also included under this heading are current payables for income tax payable with Group companies stemming from the tax consolidation. Note 19 provides the breakdown of these balances.

b.2) Others

The breakdown at 31 December 2011 and 2010 is as follows:

	Balance 31/12/11	**Balance 31/12/10**
Trade and other payables	222,319	147,128
Other financial liabilities	98,098	36,959
	320,417	184,087

Other financial liabilities consist of current borrowings from suppliers of audiovisual rights.

b.3) Derivatives

The Company carries out derivative transactions to hedge currency risk on the purchases of audiovisual property rights in the year and when necessary to hedge currency risk on trade transactions in other currencies with customers, which are recognised in the Company's balance sheet.

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.

The Company did not hold any instruments of this type in its balance sheet at 31 December 2011 and 2010.

8.3 Risk management policy

The Company's operations are exposed to different basic categories of financial risk:

1. Credit risk

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

The Company's maximum exposure to credit risk at 31 December 2011 and 2010 was as follows:

	Thousands of euros	
	2011	2010
Non-current receivables from Group companies and associates	7,145	115,797
Non-current financial investments	5,902	5,683
Trade and other receivables	200,860	155,576
Current receivables from Group companies and associates	191,605	117,482
Current investments	53,468	26,587
Cash and cash equivalents	11,043	27,534
	470,023	448,659

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

Operating activities

Most of the balance of trade payables consists of operations with Group companies that, therefore, do not present a risk.

The breakdown of trade receivables at 31 December 2011 and 2010 was as follows:

	2011		2010	
	Number of customers	**Thousands of euros**	**Number of customers**	**Thousands of euros**
With a balance of more than 1,000 thousand euros	6	178,355	5	146,709
With a balance between 1,000 and 500 thousand euros	7	3,735	4	2,549
With a balance between 500 and 200 thousand euros	12	2,824	9	3,116
With a balance between 200 and 100 thousand euros	12	1,694	11	1,384
With a balance of less than 100 thousand euros	231	2,046	65	760
Total	268	188,654	94	154,518

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

Investing activities

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

- The investments are made with institutions (whether domestic or foreign) of recognised 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.

- Authorisations for the corresponding investments are limited by the powers granted to the company'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.

2. Market risk

Market risk exists when a potential loss may arise from fluctuations in the fair value or future cash flows of a financial instrument due to changes in market prices.

Given the nearly complete absence of financial debt, there are no financial risks associated with interest-rate movements. Nevertheless, and for illustrative purposes, the Company has conducted a test to determine the sensitivity of the Company'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 31 December as the benchmark, we applied a variation of -30 +100 basis points for 2011.(In 2010, we applied a variation of -30 + 100)

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

	Reference Rate (EUR)	Cash Surpluses	Annual Interest	100bp	Annual Interest	-30bp	-100bp	Annual Interest
31/12/11	1.024	75,617	774	2.024	1,530	0.724	-	547
31/12/10	0.782	(25,174)	(197)	1.782	(449)	0,482	-	(121)

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

The exposed balance sheet value of these financial instruments was corrected by applying a symmetrical percentage change, equal to the 1-year implicit volatility of the currency in question published by Reuters (14.58% for 2010 and 15.40% for 2011), 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 P&L account, which, in any event, is not significant.

31/12/2011			**31/12/2010**		
USD	Exc. Rate	Differences	USD	Exc. Rate	Differences
44,877	1.2939	2,112	13,643	1.3362	332
		Sensitivity Test			
44,877	1.0947	8,407	13,643	1.1414	2072
44,877	1.4931	(2,502)	13,643	1.5310	(965)

3. Liquidity risk

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

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

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

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

- The amount of the Company's revolving credit lines ensures that the Company is able to meet its operating needs as well as finance new short-term investment projects. At year-end 2011, the credit lines available totalled EUR 303,000 thousand (EUR 61,759 thousand had been drawn down), at the date of preparation of these financial statements, this amount had not increased, at year-end 2010, the credit lines available totalled EUR 330,000 thousand (EUR 60,185 thousand had been drawn down). Given the difficult market situation, these credit lines have been contracted under very competitive financial conditions, which strengthens the financial sector's perception that the Company is creditworthy and sound.

The undiscounted contractual maturity dates of financial liabilities at 31 December 2011 were as follows:

	Thousand of Euros				
	Up to 6 months	**6 months - 1 year**	**1-5 years**	**More than 5 years**	**Total**
Non-current borrowings	-	-	93	8	101
Current borrowings	98,098	61,759	-	-	159,857
Current borrowings from Group companies and associates	524	128,558	-	-	129,082
Trade and other payables	195,288	27,031	-	-	222,319
	293,910	217,348	93	8	511,359

The table below presents information with respect to Law 15/2010 of 5 July, amending Law 3/2004 of 29 December establishing measures against late payment in commercial transactions,

Total payments in 2011	Total payments in 2011	Deferred payments exceeding the legal payment deadline at the reporting date (*)	Average payment period > 85 days
709,010	744,676	17,986	5

(*) Deferrals exceeding the legal payment period at the end of the year relate to administrative incidents in the processing of invoices.

In 2010, the outstanding amounts payable to suppliers over 85 days past-due, including the amounts payable for the companies acquired and subsequently merged, was EUR 35,666 thousand (Note 20).

The undiscounted contractual maturity dates of financial liabilities at 31 December 2010 were as follows:

	Thousand of Euros				
	Up to 6 months	**6 months - 1 year**	**1-5 years**	**More than 5 years**	**Total**
Non-current borrowings	-	-	378	8	386
Current borrowings	36,959	60,185	-	-	97,144
Current borrowings from Group companies and associates	1,562	152,555	-	-	154,117
Trade and other payables	128,983	18,145	-	-	147,128
	167,504	230,885	378	8	398,775

The undiscounted contractual maturities of the financial assets at 31 December 2011 are as follows:

	Thousand of Euros				
	6 months or less	**6 months - 1 year**	**1-5 years**	**More than 5 years**	**Total**
Non-current financial assets					
Loans to group companies (Note 19)	-	-	3,735	-	3,735
Loans to associates			3,410	-	3,410
Equity instruments	-	-	-	-	-
Loans to third parties	-	-	824	-	824
Derivatives	5,000	-	-	-	5,000
Deposits given and prepayments	-	-	-	78	78
Current financial assets					
Trade and other receivables (Note 10)	56	200,804	-	-	200,860
Loans to group companies (Note 19)	-	191,605	-	-	191,605
Loans to third parties	-	-	-	-	-
Short-term deposits	50,608	-	-	-	50,608
Derivatives	2,112	-	-	-	2,112
Deposits given and prepayments	-	748	-	-	748
	57,776	393,157	7,969	78	458,980

The undiscounted contractual maturities of the financial assets at 31 December 2010 were as follows:

	Thousands of euros				
	Up to 6 months	**6 months - 1 year**	**1-5 years**	**More than 5 years**	**Total**
Non-current financial assets					
Loans to group companies (Note 19)	-	-	115,797	-	115,797
Equity instruments	-	-	-	-	-
Loans to third parties	-	-	674	-	674
Derivatives	-	-	5,000	-	5,000
Deposits given and prepayments	-	-	-	9	9
Current financial assets					
Trade and other receivables (Note 10)	54	155,522	-	-	155,576
Loans to group companies (Note 19)	-	117,482	-	-	117,482
Loans to third parties	-	-	-	-	-
Short-term deposits	25,411	-	-	-	25,411
Derivatives	332	-	-	-	332
Deposits given and prepayments	-	844	-	-	844
	25,797	273,848	121,471	9	421,125

9. Inventories

The balances under this heading at year-and were as follows:

	2011	**2010**
Prepayments to program suppliers	316	280
In-house production programs	7,394	2,005
Total	7,710	2,285

10. Trade and Other Receivables

The breakdown of trade and receivables in 2011 and 2010 was as follows:

	31/12/11	31/12/10
Trade receivables	12,965	7,435
Receivables from Group companies and associates (Note 19)	175,689	147,083
Other receivables	5	5
Receivables from employees	56	54
Receivables from Public Bodies (Note 15)	12,145	999
	200,860	155,576

Impairment losses:

The balance of trade receivables is shown net of impairment loss allowances. The variations in 2011 and 2010 in these impairment losses were as follows:

	Thousands of euros
Cumulative impairment losses at 1 January 2010	4,528
Charge to the income statement	1,313
Cumulative impairment losses at 31 December 2010	5,841
Cumulative impairment losses at 1 January 2011	5,841
Charge to the income statement	3,597
Contribution from the merger	(2,995)
Cumulative impairment losses at 31 December 2011	6,443

The breakdown of trade receivables denominated in foreign currency, for 2011 and 2010, is as follows:

	2011		**2010**	
ASSETS	**Dollars**	**Balance in euros at 31/12/11**	**Dollars**	**Balance in euros at 31/12/10**
Trade receivables	104	80	49	37

11. Other current assets

The breakdown of this heading at 31 December is as follows:

	Thousands of euros	
	2011	**2010**
Prepaid expenses	65,400	9,856
	65,400	**9,856**

The amounts shown in this heading arise from the prepayments of transmission rights.

12. Cash and cash equivalents

The breakdown of of this heading at 31 December is as follows:

	Thousands of euros	
	2011	**2010**
Cash	54	28
Current accounts	10,989	27,506
	11,043	**27,534**

Current accounts earn market interest rates. Cash and cash equivalents are unrestricted.

13. Capital and Reserves

a) Issued capital

At 31 December 2011 the share capital social consisted of 406,861,426 shares with a value (406,861,426 at 31 December 2010) of EUR 0.50 each, represented by a book-entry system. Share capital is fully subscribed and paid-up and the breakdown of ownership is as follows:

Shareholder	**31/12/11**	**31/12/10**
Mediaset Investimenti, S.p.A.	41.22	41.22
Prisa T.V.	17.34	17.34
Free float	39.86	39.86
Treasury shares	1.58	1.58
Total	100	100

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

Share transfers will be governed by the Private Television Act 10/88 dated 3 May.

First capital increase in 2010:

On 13 December 2010, Gestevisión Telecinco, S.A. increased share capital by a nominal amount of EUR 43,409 thousand through the issue of 86,817,700 new ordinary shares of the same class and series as those already in circulation and with pre-emptive subscription rights for existing shareholders at that time. The issue price for the new shares was EUR 5.75 per share, for a total amount of EUR 499,202 thousand.

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

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

Second capital increase in 2010:

On 28 December 2010, pursuant to the resolutions adopted by the shareholders of Gestevisión Telecinco, S.A. in a general meeting held on 24 December 2010, a non-monetary capital increase was carried out consisting of the entire share capital of "Sociedad General de Televisión Cuatro, S.A.U." for a nominal amount of EUR 36,701 thousand through the issue of 73,401,870 new ordinary shares of EUR 0.50 par value each, all of the same class and series of those already outstanding.

The new shares were issued at their par value (EUR 0.50) plus a share premium of EUR 7.30 per share, leaving an issue price of EUR 7.80 per share. The total amount of the capital increase was EUR 572,536 thousand.

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

As explained in Note 7.2, the investment in Sogecuatro was measured at the fair value of the shares given to Sogecable, i.e. the closing share price of Gestevisión Telecinco on 29 December 2010. The capital increase was originally based on the fact that 73,401,870 shares were to be given to Sogecable, increasing share capital. The difference between the value of the share issue and the quoted share price is recognised under "Share premium". This entailed an increase in the share premium balance of EUR 42,207 thousand. Also included under this item are capital increase costs, net of the corresponding tax effect.

Listing on the Stock Exchange:

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

Dividends

On 13 April 2011, approval was given at the Company's General Shareholders' Meeting to pay out EUR 97,912 thousand in dividends charged to 2010 earnings. This dividend was paid in May 2011 and was equivalent to EUR 0.2445 per outstanding share.

On 13 April 2011, approval was given at the Company's General Shareholders' Meeting to pay an EUR 42,248 thousand of extraordinary dividends charged to unrestricted reserves. This dividend was paid in May 2011 and was equivalent to EUR 0.1055 per outstanding share.

On 14 April 2010, approval was given at the Company's General Shareholders' Meeting to pay out EUR 48,440 thousand in dividends charged to 2009 earnings. This dividend was paid in March 2010 and was equivalent to EUR 0.1992 per eligible share.

b) Legal reserve

The companies are required to transfer 10% of each year's profit to a legal reserve until this reserve reaches an amount at least equal to 20% of share capital. This reserve cannot be distributed to shareholders, and may only be used to cover income statement balances payable, if no other reserves are available.

c) Goodwill reserve

This reserve is restricted as long as the related goodwill is recognised in the Company's balance sheet.

d) Treasury shares and equity investments:

In general, treasury shares have been acquired to meet the Company's commitments related to the compensation system, based on shares of executive directors and directors, as described in Note 17. In 2010, the adjustment in the final acquisition price of Sociedad General de Televisión Cuatro, S.A.U. (Note 8) resulted in 2,866,972 additional treasury shares valued at EUR 24,011 thousand, based on the quoted share price on 29 December 2010.

Changes under this heading in 2011 were as follows:

				Thousands of euros
	Balance 31/12/10	**Additions**	**Disposals**	**Balance 31/12/11**
Treasury shares	84,745	-	-	84,745

The change in the number of shares during the year is detailed below:

				Number of shares
	31/12/10	**Additions**	**Disposals**	**31/12/10**
Treasury shares	6,419,259	-	-	6,419,259

Changes under this heading in 2010 were as follows:

				Thousands of euros
	Balance 31/12/09	**Additions**	**Disposals**	**Balance 31/12/10**
Treasury shares	60,734	24,011	-	84,745

The change in the number of shares in 2010 is detailed below:

				Number of shares
	31/12/09	**Additions**	**Disposals**	**31/12/10**
Treasury shares	3,552,287	2,866,972	-	6,419,259

14. Provisions and Other Contingent Liabilities

<u>Current and Non-Current Provisions</u>

The breakdown and movements in provisions in 2011 and 2010 are as follows:

			2011			
(Thousands of euros)	**Opening balance at 1 January**	**Increases from merger**	**Allowances**	**Reversals/ Applications**	**Transfers**	**Closing balance at 31 December**
Non-current provisions						
Provision for outstanding litigation	12,371	18,137	6,824	(8,733)	(297)	28,302
	12,371	**18,137**	**6,824**	**(8,733)**	**(297)**	**28,302**
Provisions short-term						
Provision for outstanding litigation	19	-	-	(11)	-	8
Provision for short-term personnel benefits (*)	-	-	-	-	-	-
	19	**-**	**-**	**(11)**	**-**	**8**
Total						
Provision for outstanding litigation	12,390	18,137	6,824	(8,744)	(297)	28,310
Provision for long-term personnel benefits	-	-	-	-	-	-
	12,390	**18,137**	**6,824**	**(8,744)**	**(297)**	**28,310**

(*) Provision for short-term personnel benefits are recognised under Current liabilities "Personnel (remuneration payable)

			2010		
(Thousands of euros)	**Balance at 1 January**	**Allowances**	**Reversals/ Applications**	**Transfers**	**Balance at 31 December**
Non-current provisions					
Provision for outstanding litigation					
Provision for long-term personnel benefits	16,399	3,463	(7,491)	-	12,371
	16,399	**3,463**	**(7,491)**	**-**	**12,371**
Provisions short-term					
Provision for outstanding litigation	30,244	16,353	(41,468)	(5,110)	19
Provision for short-term personnel benefits (*)	70		(70)		-
	30,314	**16,353**	**(41,538)**	**(5,110)**	**19**
Total					
Provision for outstanding litigation	46,643	19,816	(48,959)	-	12,390
Provision for long-term personnel benefits	70	-	(70)	-	-
	46,713	**19,816**	**(49,029)**	**-**	**12,390**

(*) Provision for short-term personnel benefits are recognised under Current liabilities "Personnel (remuneration payable)

Provision for outstanding litigation

At 31 December 2011 and 2010, the non-current provisions for liabilities and charges relate to pending lawsuits and appeals between the Company and third parties. Provisions recognised in the year relate to new lawsuits brought against the Company, while reversals relate to litigation that has been resolved. Reversals in 2010 include the lawsuit with the tax authorities on assessments raised on 24 July 2009, which were provisioned in 2009 and amounted to EUR 3,543 thousand. The Company appealed these before the Central Tax Court. This court ruled partially in favour of the Company, requiring it to pay a total of EUR 345 thousand. Therefore, the unused amount of the provision was reversed.

At 31 December 2010, there are practically no short-term provisions since the amounts recognised in the previous year under this heading, which were provisions for lawsuits with intellectual property rights management entities and the levy to finance the Spanish public television company, Televisión Española, were cancelled as follows:

- Since 2001 the Company has been making provisions for lawsuits with intellectual property rights management entities which had either already taken legal action against the Company in pursuit of claims arising from the alleged illicit use of their rights repertoire, or had claimed, by any other means, payment for such rights. On 31 May Telecinco signed an agreement with AIE (Spanish Management Company of Actors, Musicians and Performers) thus resolving the differences between them regarding the remuneration of publicly broadcast audiovisual recordings. The increase in the amount of reversals and amounts used in 2010 related to this agreement. With this settlement agreement, effective from 1 January 1995 to 31 December 2010, the parties agreed to terminate the various lawsuits and appeals they had initiated, respectively.

- The amounts related to the 3% of gross operating income billed from September to December pursuant to Law 8/2009 on the financing of Radio Televisión Española were transferred to “Other payables to public administrations"·(Note 15) once the definitive procedure for calculating, declaring and paying the amount was established by Royal Decree 1004/2010 of 5 August, which implemented Law 8/2009 and ITC Order/2373/2010 of 9 September approving the statements and prepayments set out in Law 8/2009.

15. Taxes

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. The Company is open to inspection of all taxes to which it is liable for the last four years. 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 (as explained in the above note), the Company has the following items and years open to inspection:

Item(s)	Periods
Income tax	2008 to 2011
Value added tax	2008 to 2011
Was holding, non-resident income tax	2008 to 2011
Gaming tax:	06/2008 to 2011
Taxes on games of luck, betting, and chance: raffles and tombola	06/2008 to 2011
Annual transaction statement	2008 to 2011
Consolidated statement of intra-regional delivery and acquisition of assets	2008 to 2011

The Company has the last four years open to inspection of all other applicable taxes. Based on the best interpretation of current legislation, the Company’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 Company's transactions.

Value added tax

In 2010, the Company has filed consolidated tax as regulated by Chapter IX, Title IX of Law 37/1992. As a result, it has presented consolidated VAT for tax group 049/99, which comprises:

Mediaset España Comunicación, S.A., as the parent
Telecinco Cinema, S.A.U.
Publiespaña, S.A.U.
Mediacinco cartera, S.L.

Presenting consolidated VAT generates a short-term payable to Group companies for the tax effect (Note 19).

The breakdown of balances relating to income tax assets and liabilities at 31 December is as follows:

	Thousands of euros	
	2011	**2010**
deferred tax liabilities	(5,228)	(1,194)
	(5,228)	(1,194)
VAT	(4,869)	(5,719)
Personal income tax withholdings	(2,927)	(1,853)
Social security	(1,224)	(683)
Levy to finance RTVE	(4,152)	(8,824)
Gaming tax	(468)	-
Other payables to public administrations	**(13,640)**	**(17,079)**
Deferred tax assets	109,770	99,039
Unused tax deductions and relief	21,320	12,291
	131,090	**111,330**
Other receivables from public administrations		
Income tax	12,145	999
	12,145	**999**

15.1 Income tax

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

Thousand of euros

	Income statement			Income and expenses directly recognised in equity		
	Increase	Decrease	Total	Increase	Decrease	Total
2011						
Income and expenses for the year						
Continuing operations	137,264	-	137,264	-	-	-
Discontinued operations	-	-	-	-	-	-
	137,264	-	137,264	-	-	-
Income tax						
Continuing operations	11,018	-	11,018	-	-	-
Discontinued operations (Note 10)	-	-	-	-	-	-
	11,018	-	11,018	-	-	-
Income and expenses for the year before tax			148,282			
Permanent differences						
Non-deductible expenses & penalties	873	-	873	-	-	-
Internal elimination of dividends	-	(62,812)	(62,812)	-	-	-
Other	2,251	-	2,251	-	-	-
Temporary differences	13,993	-	13,993	-	-	-
Utilisation of previously unrecognised tax losses	-	(43,788)	(43,788)	-	-	-
Tax result			58,799			

Thousand of euros

	Income statement			Income and expenses directly recognised in equity		
	Increase	Decrease	Total	Increase	Decrease	Total
2010						
Income and expenses for the year				-	-	-
Continuing operations	113,934		113,934	-	-	-
Discontinued operations				-	-	-
	113,934		113,934			
Income tax	-	-	-	-	-	-
Continuing operations	1,728	-	1,728	-	-	-
Discontinued operations (Note 10)	-	-	-	-	-	-
	1,728		1,728			
Income and expenses for the year before tax			115,662			
Permanent differences						
Non-deductible expenses & penalties	1,089		1089	-	-	-
Internal elimination of dividends	-	(70,367)	(70,367)	-	-	-
Other	-	1,739	1,739	-	-	-
Temporary differences	57,095	-	57,095	-	-	-
Tax result			105,218			
Tax result			105,218			

Temporary differences are due to different taxation and accounting criteria relative to impairment provisions regarding audiovisual rights, contingencies and expenses and provisions for subsidiaries.

The reconciliation between income tax expense/(income) and the result of multiplying total recognised income and expenses by applicable tax rates —with the balance of the income statement being differentiated— is as follows:

		Thousands of euros
(Thousands of euros)	**Income statement**	**Income and expense recognised directly in equity**
2011		
Income and expenses for the year before tax	148,282	
Tax charge (tax rate: 30%)	44,485	
Non-deductible revenue/expenses	(17,907)	
Tax credits and others	(16,014)	
Positive adjustments to income tax charge	-	
Negative adjustments to income tax charge	32	
Tax adjustments (dividends minus deductions from subsidiaries)	362	
Tax on foreign profits	60	
Tax expense (income)	**11,018**	

		Thousands of euros
(Thousands of euros)	**Income statement**	**Income and expense recognised directly in equity**
2010		
Income and expenses for the year before tax	115,662	
Tax charge (tax rate: 30%)	34,699	
Non-deductible revenue/expenses	(20,262)	
Tax credits	(9,908)	
Positive adjustments to income tax charge	(3,276)	
Tax adjustments (dividends minus deductions from subsidiaries)	440	
Tax on foreign profits	35	
Tax expense (income)	**1,728**	

The breakdown of income tax expense/(income) is as follows:

	Thousands of euros	
(Thousands of euros)	**Income statement**	**Directly recognised in equity**
2011		
Current income tax	24,395	
Other temporary differences	(13,377)	
	11,018	

	Thousands of euros	
(Thousands of euros)	**Income statement**	**Directly recognised in equity**
2010		
Current income tax	13,384	
Other temporary differences	(11,656)	
	1,728	

Income tax payable was calculated as follows:

	Thousands of euros
	2011
Taxable income:	58,799
Tax payable: (30%)	17,640
Negative tax payable contributed by subsidiaries in tax consolidation	22,483
Deductions and rebates	(6,965)
Deductions and rebates, companies filing consolidated taxes	(7,889)
Withholdings	(37,414)
Other	-
Total income tax refund	**(12,145)**

	Thousands of euros
	2010
Taxable income	105,218
Tax payable: (30%)	31,565
Negative tax payable contributed by subsidiaries in tax consolidation	14,301
Deductions and rebates	(11,180)
Deductions and rebates, companies filing consolidated taxes	(5,727)
Withholdings	(29,958)
Other	-
Total income tax payable	**(999)**

15.2 Deferred tax assets

The breakdown is as follows:

	(Thousand euros)	
	2011	**2010**
Deferred tax assets	109,770	99,039
Unused tax credits and rebates	21,320	12,291
	131,090	**111,330**

The changes in the items composing “Deferred tax assets” are as follows:

						Thousands of euros
	Balance at 1 January	**Additions from merger**	**Income statement**	**Equity**	**Reclassifications**	**Balance at 31 December**
2011						
Deferred tax assets						
Impairment audiovisual rights	-	-	2,534	-	(32)	2,502
Rights management institutions	174	124	611	-	-	909
Provisions, subsidiaries	98,865	1,940	2,228	-	-	103,033
Other provisions	-	285	1,790	-	1,251	3,326
	99,039		**7,163**	**-**	**1,219**	**109,770**
2010						
Deferred tax assets						
Impairment audiovisual rights	3,367		(3,367)	-		-
Rights management institutions	7,183		(7,009)	-		174
Provisions, subsidiaries	69,700		29,165	-		98,865
	80,250		**18,789**	**-**	**-**	**99,039**

The Company has no unused loss carryforwards. In 2011, tax losses amounting to EUR 43,788 thousand were offset at Compañía Independiente de Noticias de Televisión, S.L.U. and Sociedad General de Televisión Cuatro, S.A.U., which were merged into Mediaset España Comunicación, S.A.

At 31 December 2011 unused tax credits for audiovisual productions amount to a total of EUR 21,320 thousand (EUR 12,291 thousand at 31 December 2010) which can be recovered over the next 10 years.

The breakdown of the deductions is as follows:

	Thousands of euros	
	2011	**2010**
Deductions pending 2009	-	3,606
Deductions pending 2010	5,694	8,685
Deductions pending 2011	15,626	-
	21,320	**12,291**

The Company has availed itself of the deduction provided for in article 42 of Royal Legislative Decree 4/2004, of 5 March, which enacted the revised text of the Corporation Tax Law, in respect of income of EUR 1,637 thousand. This amount was generated by the sale of 60% of the Company's ownership in Cinematext Media, S.A., which was sold on 30 September 2009.

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

15.3 Deferred tax liabilities

The breakdown and movements in the various items composing Deferred tax liabilities are as follows:

(Thousands of euros)	Opening balance at 1 January	Income statement	Equity	Reclassifications	Closing balance at 31 December
2011					
Deferred tax liabilities					
Other	1,194	(70)	-	1,219	2,343
Tax amortisation of goodwill	-	1,823	-	-	1,823
Tax amortisation of signal transmission license	-	1,062	-	-	1,062
	1,194	**2,815**	**-**	**1,219**	**5,228**
2010					
Deferred tax liabilities					
Other	1,440	(246)	-	-	1,194
	1,440	**(246)**	**-**		**1,194**

The deferred tax liability mainly relates to taxable temporary differences arising from consolidation adjustments of the tax group and tax amortisation of intangible assets with an indefinite useful life (goodwill and signal transmission license).

16. Guarantee commitments to third parties

The breakdown of guarantees provided as of 31 December 2011 and 2010 is as follows:

Type	2011	2010
Collateral for contracts, concessions and tenders	60,520	32,232
Legal guarantees	100	127
Guarantees deposited at the tax authorities	2,280	5,916
	62,900	38,275

At 31 December 2011, the Company had EUR 77 thousand of guarantees (EUR 279 thousand at 31 December 2010) deposited with the Directorate-General for the Development of the Information Society (Science and Technology Ministry, currently the Ministry of Industry, Tourism and Trade) for an indefinite period to guarantee the refundable advance granted by the Directorate-General to the company as aid for research and development in the following projects: “Research and development of new tools for the technological evolution of production processes in digital television,” “Research and development on an information system to manage contracts with electronic signatures and a security and contingency plan”.

The Company has deposited EUR 60,443 thousand in guarantees required for its commercial activity (EUR 25,943 thousands in 2010).

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

- A guarantee of EUR 2,091 thousand was deposited with the Tax and Customs Control Department due to the appeal against the tax settlement agreement which the Department notified to the Company on 26 June 2009 and which confirmed the proposal given in the assessment from the tax inspection dated 1 September 2008. This 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.

- To guarantee the late-payment interest, the amount of the guarantee was increased by EUR 85 thousand. (EUR 104 thousand en 2010).

- In 2010, a 3,543 thousand euro guarantee deposited with the Tax and Customs Control Department due to the appeal against the tax settlement agreement which said department notified to the Company 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. Despite executing the Central Tax Court's ruling of 3 December, which reduced the tax assessment by EUR 345 thousand, the guarantee at year-end 2010 still covered the initial amount of EUR 3,543 thousand, which was subsequently increased by EUR 177 thousand to cover late-payment interest.

17. Share-based payment schemes

As of the date of preparation of these financial statements, the share option plans for which the conditions for their being granted have been fulfilled are as follows:

									Strike term	
	No. Of options 1/1/11	Additions	Disposals	No. Of options 31/12/11	Granted to employees of the company	Granted to employees of the Group	Strike price	Assignment date	From	To
2007 share-based payments plan	1,042,650	-	-	1,042,650	545.750	496.900	19.74 €	25/07/07	25/07/10	24/07/12
2008 share-based payments plan	572,325	-	-	572,325	292.375	279.950	7.13 €	30/07/08	30/07/11	29/0713
2009 share-based payments plan	319,163	-	-	319,163	162.688	156.475	5.21 €	29/07/09	29/07/12	28/07/14
2010 share-based payments plan	1,297,650	-	-	1,297,650	671,750	625,900	7.00 €	28/07/10	28/07/13	27/07/15
2011 share-based payments plan	-	673,225	-	504,919	396,275	108,644	5.83 €	27/07/11	27/07/14	26/07/16

									Strike term	
	No. Of options 1/1/10	Additions	Disposals	No. Of options 31/12/10	Granted to employees of the company	Granted to employees of the Group	Strike price	Assignment date	From	To
2007 share-based payments plan	1.042.650	-	-	1.042.650	545.750	496.900	19.74 €	25/07/2007	25/07/2010	24/07/2012
2008 share-based payments plan	572.325	-	-	572.325	292.375	279.950	7.13 €	30/07/2008	30/07/2011	29/07/2013
2009 share-based payments plan	319.163	-	-	319.163	162.688	156.475	5.21 €	29/07/2009	29/07/2012	28/07/2014
2010 share-based payments plan	-	1,297,650	-	1,297,650	671,750	625,900	7.00 €	28/07/2010	28/07/2013	27/07/2015

The beneficiaries of these plans are directors and executive directors of Group companies.

As a result of these plans, EUR 780 thousand were recognised in the 2011 income statement. In the 2010 income statement, as a result of these plans, EUR 666 thousand were recognised.

The increase in the value of investments in the Company due to the recognition of stock options granted to employees of the investees is as follows:

	Thousands of euros	
	2011	**2010**
Publiespaña, S.A.U.	518	494
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U. (*)	-	73
Telecinco Cinema, S.A.U.	59	57
	577	**624**

(*) Merged into Mediaset España Comunicación, S.A. in 2011

At 31 December 2011, as described below, the Company had five share option plans granted to certain employees. The last share option plan was approved in 2010.

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

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

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

	2006 Plan	**2007 Plan**	**2008 Plan**	**2009 Plan**	**2010 Plan**	**2011 Plan**
Strike	17.49	19.74	7.13	5.21	7.00	5.83
Yield on the share (dividend yield)	6%	6%	10%	5%	5.5%	5.5%
Volatility	22.5%	22.5%	27.5%	30%	50%	37%

A share option plan for certain employees was approved in 2010. The weighted average fair value of these options at the measurement date was EUR 2.41 per share, calculated using a binomial valuation model with the following variables.

Variable	**Value**
Weighted average share price	8.08
Strike price	EUR 7
Expected volatility	50%
Life of option	28/7/2013-27/7/2015
Expected dividends	5,5%
Risk-free interest rate	1.93% (yield on German bond)

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

Variable	**Value**
Weighted average share price	6.22
Strike price	EUR 5.83
Expected volatility	37%
Life of option	27/7/2014-26/7/2016
Expected dividends	5,5%
Risk-free interest rate	1.93% (yield on German bond)

18. Income and expenses

a) Breakdown of revenue

The distribution of revenue from continuing operations corresponding to the Company's ordinary activities, broken down by category, is as follows:

	Thousands of euros	
	2011	**2010**
Business segment		
Advertising revenue	822,756	663,989
Rendering of services	8,172	7,422
Total	830,928	671,411

The Company's most important client continues to be Publiespaña, S.A.U. Revenue from advertising sales to this client, EUR 815,705 thousand, accounts for approximately 98% of the Company's total revenue (EUR 661,794 thousand, or 98% of the total, in 2010).

b) Consumption of goods for resale

The breakdown of consumption of goods for resale and consumption of raw materials and other consumables for the years ended 31 December 2011 and 2010 is as follows:

	Thousands of euros	
	2011	**2010**
Consumption of goods for resale		
Changes in inventories	8	4,226
	8	4,226
Goods for resale		
Purchases in Spain	208,948	232,259
EU acquisitions	16,541	3,038
Cost of sales	225,489	235,297

c) Wages and salaries

	Thousands of euros	
	2011	**2010**
Wages and salaries	68,624	43,484
Termination benefits	12,570	-
Social Security costs, et al.	14,128	8,691
Total	95,322	52,175

Termination benefits in 2011 relate mainly to the collective redundancy authorised by the Madrid Directorate General of Labour in the Cuatro Group integration.

The breakdown of Social Security costs et al. for the years ended 31 December 2011 and 2010 is as follows:

	Thousands of euros	
	2011	**2010**
Social security	12,521	7,566
Other employee welfare expenses	1,607	1,125
Total employee welfare expenses	14,128	8,691

d) External services

The breakdown of “External services” for the years ended 31 December 2011 and 2010 is as follows:

	Thousands of euros	
	2011	**2010**
Leases	1,347	643
Program production costs	53,831	30,000
Management fees for rights, concessions and licenses	41,425	30,058
Repairs and maintenance	3,634	3,310
Other professional services	11,283	11,473
Transport and messenger services	1,331	805
General insurance	255	182
Public relations	2,024	1,689
Supplies	3,590	2,625
Signal transmission and technical assistance	46,882	20,568
News agencies and post-production	16,244	1,959
Cash and non-cash prizes	7,031	2,151
Other expenses for legal and judicial risks	5,180	2,581
Other expenses and services	3,941	2,747
	197,998	110,791

19. Related-party transactions

Related companies

Company transactions in 2011 and 2010 with related parties, as well as the nature of the relationship, were as follow:

Company	Nature of the relationship
Publiespaña, S.A.U.	100% owned
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	(1)
Grupo Editorial Tele 5, S.A.U.	100% owned
Telecinco Cinema, S.A.U.	100% owned
Aprok Imagen, S.L.	3% owned
Publimedia Gestión, S.A.U.	100% owned
Canal Factoría de Ficción, S.A	(2)
Micartera Media, S.A.U.	(2)
Atlas Media, S.A.U.	(2)
Atlas Pais Vasco, S.A.U.	(2)
Alba Adriática, S.L.	(3)
Premiere Megaplex, S.A.	100% owned
Conecta 5 Telecinco, S.A	100% owned
Producciones Mandarina, S.L.	33.3% owned
La Fábrica de la Tele , S.L.	30% owned
Mediacinco Cartera S.L.	75% owned
Bigbang Media, S.L.	30% owned
Pegaso Inc	43.7% owned
Sogecable Media, S.L.	100% owned
Sogecable Editorial, S.L.	100% owned
DTS, Distribuidora TV Digital, S.A.	22% owned
Grupo PRISA	Shareholder
Grupo Endemol	25% owned indirectly
Grupo Mediaset Italia	Shareholder

(1) Takeover and merger by Mediaset España Comunicación, S.A. (27/07/11)

(2) Liquidated in 2011.

(3) No relationship at 31/12/11.

The balances with the related parties listed in the preceding table at 31 December 2011 and 2010 are as follows:

	Trade receivables from group companies and associates		Suppliers, group companies and associates		Suppliers, rights of group companies and associates		Long-term loans to Group companies (Note 8)	
	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10
Publiespaña, S.A.U.	168,864	140,947	1,705	796	-	-	-	-
Agencia de Televisión Latinoamericana de Servicios y Noticias de España, S.A.U.	-	1,241	-	18,616	-	-	-	-
Grupo Editorial Tele 5, S.A.U.	85	119	146	261	-	-	-	-
Telecinco Cinema, S.A.U.	1,353	592	-	36	-	1,539	973	4,153
Publimedia, S.A.U.	804	498	-	-	-	-	-	-
Mi Cartera Media, S.A.U.	-	491	-	393	-	-	-	-
Conecta 5 Telecinco, S.A.U.	2,197	1,805	-	-	-	-	2,626	-
Producciones Mandarina, S.L.	-	-	3,119	2,871	1,485	-	-	-
BigBang Media, S.L.	-	-	2,450	702	-	-	-	-
La Fábrica de la Tele, S.L.	-	-	7,282	4,348	-	-	-	-
Mediacinco Cartera, S.L.	118	131	51	-	-	-	-	111,644
Sogecable Media, S.L.	(351)	-	-	-	-	-	136	-
Sogecable Editorial, S.L.	-	-	51	-	-	-	-	-
Mediaset Group	6	-	416	396	-	23	-	-
Caribevisión TV Network LLC	-	1,214	-	-	-	-	3,410	-
Soc. Gral. TV Cuatro S.A.U	-	-	-	9,280	-	-	-	-
DTS, Distribuidora TV Digital, S.A.	2,268	11	591	-	847	-	-	-
PRISA Group	337	(16)	4,884	2,310	1,612	-	-	-
Endemol Group	8	50	3,490	5,488	644	-	-	-
	175,689	147,083	24,185	45,497	4,588	1,562	7,145	115,797

	Current tax payable, Group Companies		Current liabilities with creditor Group companies	
	31/12/11	31/12/10	31/12/11	31/12/10
Publiespaña, S.A.U.	-	-	72,313	107,558
Grupo Editorial Tele 5, S.A.U.	-	-	4,705	5,404
Telecinco Cinema, S.A.U.	2,678	1,617	-	-
Canal Factoria de Ficción, S.A.U.	-	1	-	583
Sogecable Media, S.L.	313	-	-	-
Sogecable Editorial, S.L.	-	-	316	-
Mi Cartera Media, S.L	-	85	-	-
Mediacinco Cartera, S.L.	794	11,208	38,976	22,342
	3,785	12,911	116,310	135,887

	Current tax receivable, Group Companies		Current assets with creditor Group companies	
	31/12/11	31/12/10	31/12/11	31/12/10
Publiespaña, S.A.U.	21,100	21,887	-	-
Agencia de Televisión Latinoamericana de Servicios y Noticias de España, S.A.U.	-	2,035	-	11,989
Grupo Editorial Tele 5, S.A.U.	2,600	2,091	-	-
Publimedia, S.A.U.	625	570	-	-
Telecinco Cinema, S.A.U.	-	-	42,599	29,666
Caribevisión TV Network LLC	-	-	-	789
Premiere Megaplex,S.A.	-	-	200	-
Conecta 5 Telecinco, S.A.U.	134	-	45,129	48,419
Mediacinco Cartera,S.L.	-	-	77,470	-
Sogecable Media,S.L.	-	-	1,010	-
Sogecable Editorial, S.L.	372	-	-	-
Atlas País Vasco, S.A.U. (in liquidation)	-	-	6	-
Atlas Media, S.A.U (in liquidation)	-	-	10	-
Producciones Telecinco, S.A.U (in liquidation)	-	-	15	15
Canal Factoria de Ficción, S.A.U. (in liquidation)	-	-	1	-
Mi Cartera Media, S.A.U. (in liquidation)	-	-	6	-
	24,831	26,583	166,446	90,878

	Current payables to Group companies due to tax effect (VAT) (Nota 8.2)		Current loans to Group companies due to tax effect (VAT) (Note 8)	
	31/12/11	31/12/10	31/12/11	31/12/10
Publiespaña, S.A.U.	4,368	3,195	-	-
Telecinco Cinema, S.A.U.	-	557	213	-
Mediacinco Cartera, S.L.	32	5	-	-
	4,400	3,757	213	-

In 2011 and 2010, the following transactions were conducted with the related parties listed above:

	Purchases		Accrued interest expense		Purchase of rights	
	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10
Grupo Editorial Tele 5, S.A.U.	448	476	13	-	-	-
Agencia de Televisión Latinoamericana de Servicios y Noticias de España, S.A.U.	-	41,567	-	-	-	-
DTS, Distribuidora TV Digital, S.A.	11,479	-	-	-	59	-
Publiespaña, S.A.U.	273	241	1,589	715	-	-
Telecinco Cinema, S.A.U.	4	31	-	-	2,206	3,192
Aprok Imagen, S.L.	1	-	-	-	-	-
Mediacinco Cartera, S.L.	-	-	51	-	-	-
Producciones Mandarina, S.L.	23,024	17,662	-	-	6,468	566
La Fábrica de la Tele, S.L.	34,564	35,225	-	-	-	-
Sogecable Media, S.L.	60	-	-	-	-	-
Sogecable Editorial, S.L.	164	-	1	-	-	-
BigBang Media, S.L.	9,164	5,451	-	-	6,755	1,097
Prisa Group	14,788	-	-	-	8,238	-
Endemol Group	31,316	30,718	-	-	600	30
Mediaset Group	1,442	1,235	-	-	-	5
	126,727	132,606	1,654	715	24,326	4,890

	Advertising revenue & sales of rights		Other revenue		Accrued interest revenue		Dividends	
	31/12/11	31/12/10	31/12/11	31/12/10	31.12.11	31.12.10	31.12.11	31.12.10
Grupo Editorial Tele 5, S.A.U.	-	-	196	230	-	-	6,579	4,537
Agencia de Televisión Latinoamericana de Servicios y Noticias de España, S.A.U.	-	-	-	2,642	-	198	-	6,253
Sogecable Media, S.L.	-	-	-	-	553	-	-	-
Publiespaña, S.A.U.	815,705	661,794	3,824	3,416	-	-	50,715	53,177
Publimedia Gestión, S.A.U.	944	1,707	740	720	-	-	-	-
DTS, Distribuidora TV Digital, S.A.	94	-	5,196	-	-	-	-	-
Mi Cartera Media, S.A.U.	-	-	-	-	1,191	-	-	-
Telecinco Cinema, S.A.U.	-	-	409	397	-	434	-	-
Conecta 5 Telecinco, S.A.U.	132	-	891	907	1,838	1,376	4,310	4,933
Mediacinco cartera, S.L.	-	-	395	342	1,808	1,487	-	-
La Fábrica de la Tele, S.L.	-	-	203	-	-	-	1,175	
Alba Adriatica, S.L.	-	-	-	-	-	35	-	-
Producciones Mandarina,S.L.	-	-	14	-	-	-	762	-
Caribevisión Network LLC	728	-	-	1,026	96	63	-	-
BigBang Media, S.L.	-	-	1	-	-	-	-	-
Grupo Prisa	675	-	209	-	-	-	-	-
Grupo Endemol	20	-	10	43	-	-	-	-
Grupo Mediaset	5	-	58	31	-	-	-	-
	818,303	663,501	12,146	9,754	5,486	3,593	63,541	68,900

The related-party transactions consist of normal Company trading activity and are conducted on an arm's length basis.

Directors and senior executives

During the year, the members of the Board of Directors and other senior executives of the Company, and the individuals and entities that they represent, did not carry out transactions with the Company or with other Group companies unrelated to normal trading activity or not on an arm’s length basis.

a) Compensation and other benefits

1. Remuneration of the members of the Board of Directors in 2011 and 2010:

The breakdown of the remuneration earned by members of the Company's Board of Directors is as follows:

	Thousands of euros	
	2011	2010
Compensation	2,939	3,049
Attendance fees	662	459
	3,601	3,508

In addition to the information given in this section, the compensation received by each director in 2011 is indicated below, in euros:

Mr. Alejandro Echevarría Busquet – Chairman of the Board of Directors

Fixed Board compensation:	72,500.00
Attendance fees:	76,000.00
Fixed compensation:	634,649.51
Variable compensation:	111,718.50
Total	894,868.01

Option rights granted:	33,625
Option rights exercised:	0

Mr. Paolo Vasile – Joint CEO

Fixed Board compensation:	72,500.00
Attendance fees:	38,000.00
Fixed compensation:	882,629.93
Variable compensation:	223,437.00
Remuneration in-kind:	9,051.84 (*)
Total	1,225,618.77

Option rights granted:	67,250
Option rights exercised:	0

(*) Excluding the base of the in-kind compensation, EUR 37,716.04

Mr. Giuseppe Tringali – Joint CEO

Fixed Board compensation:	72,500.00
Attendance fees:	38,000.00
Total	110,500.00

Option rights granted: 67,250
Option rights exercised: 0

Mr. Massimo Musolino - Executive Director

Fixed Board compensation:	72,500.00
Attendance fees:	26,000.00
Total	98,500.00

Option rights granted: 30,500
Option rights exercised: 0

Mr. Alfredo Messina – Board Member

Fixed Board compensation	72,500.00
Attendance fees:	42,000.00
Total	114,500.00

Mr. Fedele Confalonieri – Board Member

Fixed Board compensation:	72,500.00
Attendance fees:	60,000.00
Total	132,500.00

Mr. Marco Giordani – Board Member

Fixed Board compensation	72,500.00
Attendance fees:	45,000.00
Total	117,500.00

Mr. Pier Silvio Berlusconi – Board Member

Fixed Board compensation:	72,500.00
Attendance fees:	7,000.00
Total	79,500.00

Mr. Giuliano Adreani – Board Member

Fixed Board compensation:	72,500.00
Attendance fees:	64,000.00
Total	136,500.00

Mr. Ángel Durández Adeva –Independent Director

Fixed Board compensation:	72,500.00
Attendance fees:	52,000.00
Total	124,500.00

Mr. Borja de Prado Eulate – Independent Director/Chair Audit and Compliance Committee

Fixed Board compensation:	72,500.00
Attendance fees:	48,000.00
Total	120,500.00

Mr. José Ramón Álvarez-Rendueles – Independent Director/Appointments and Remuneration Committee

Fixed Board compensation:	72,500.00
Attendance fees:	76,000.00
Total	148,500.00

Mrs. Helena Revoredo Delvecchio – Independent Director.

Fixed Board compensation:	72,500.00
Attendance fees:	19,000.00
Total	91,500.00

Mr. Manuel Polanco Moreno - Independent Director

Fixed Board compensation:	67,500.00
Attendance fees:	42,000.00
Total	109,500.00

Mr. Juan Luis Cebrián Echarri - Independent Director

Fixed Board compensation:	67,500.00
Attendance fees:	29,000.00
Total	96,500.00

None of the Board Members has received any compensation for belonging to other Boards of Directors of the Group's companies.

As was the case last year, at year-end of 2011, the Company has not granted any advance payments or loans to any of its Board Members.

Regarding the benefits arrangements, the Company has taken out, for only one of the Joint CEOs, life insurance covering disability or death and medical insurance, at an annual cost of EUR 15,818. These items are included in in-kind compensation.

As was the case last year, no contribution has been made to pension plans or funds on behalf of any member of the Board of Directors.

Options on the Company shares

In 2011, the Board members have given a total of 198,625 share options, of which 67,250 were granted to each Joint CEO and 33,625 to the Chairman of the Board of Directors.

In 2011, no share options have been exercised.

In 2010, the Board members were given a total of 433,250 share options, of which 134,500 were granted to each Joint CEO and 67,250 to the Chairman of the Board of Directors.

In 2010, no share options were exercised.

b. 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:

Number of persons		**Total Compensation (Thousands of euros)**	
2011	**2010**	**2011**	**2010**
13	10	4,728	4,560

As far as the number of share options granted to Senior Management is concerned, excluding those managers which are simultaneously members of the Board of Directors, the breakdown at 31 December 2011 and 2010 is as follows:

	2011	**2010**
Option rights granted	234,900	313,000
Total	234,900	313,000

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

c) Other disclosures on the Board of Directors:

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

In respect of MEDIASET ESPAÑA COMUNICACIÓN, S.A. and in compliance with article 229.2 of the Capital Companies Law, it is hereby confirmed that neither Mr. Giuseppe Tringali, Mr. Paolo Vasile, Mr. Giuliano Adreani, Mr. José Ramón Álvarez Rendueles, Mr. Pier Silvio Berlusconi, Mr. Fedele Confalonieri, Mr. Ángel Durández Adeva, Mr. Marco Giordani, Mr. Alfredo Messina, Mr. Borja de Prado Eulate, Mr. Massimo Musolino, Mrs. Helena Revoredo Delvecchio, Mr. Manuel Polanco Moreno and Mr. Juan Luis Cebrián Echarri, members of the Board of Directors of MEDIASET ESPAÑA COMUNICACIÓN, S.A. at 31 December 2011, nor any persons considered as related parties to the above pursuant to article 231 of the Capital Companies Law, have held or hold investments in companies with activities that are the same, similar or complementary to the business activities of MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Mr. Alejandro Echevarría Busquet:

Subsidiary	Activity	Ownership interest	Duties
Vocento, S.A.	Communication	0.00878 %	-
Diario ABC, S.L.	Newspaper publishing	0.0002 %	-

Mr. Manuel Polanco Moreno

Subsidiary	Activity	Ownership interest	Duties
Prisa, S.A.	Media holding company	0.020% of voting power (direct and indirect) 0.022% of warrants (direct or indirect investment)	Director
Rucandio, S.A.		13.55% full ownership; 11.45% nominal ownership	Director

It is hereby confirmed that Mr. Alejandro Echevarría Busquet, Mr. Giuseppe Tringali, Mr. Paolo Vasile, Mr. Giuliano Adreani, Mr. José Ramón Álvarez Rendueles, Mr. Pier Silvio Berlusconi, Mr. Fedele Confalonieri, Mr. Ángel Durández Adeva, Mr. Marco Giordani, Mr. Alfredo Messina, Mr. Borja de Prado Eulate, Mr. Massimo Musolino, Mrs Helena Revoredo Delvecchio and Mr. Manuel Polanco Moreno, members of the Board of Directors of MEDIASET ESPAÑA COMUNICACIÓN, S.A. at 31 December 2011 and related parties to the above, do not hold posts in companies with activities that are the same, similar or complementary to the Company's business pursuant to article 231 of the Capital Companies Law.

Mr. Juan Luis Cebrián Busquet:

Person related to the director	Company	Duties
Daughter	Corporación RTVE Radio Televisión Española	Director of the Film division and Televisión Española
Son	Plural Entertainment España, S.L.	Director of Fiction
Sister	Prisa Televisión, S.A.U.	Studio Manager

It is hereby confirmed that Mr. Alejandro Echevarría Busquet, Mr. Giuseppe Tringali, Mr. Paolo Vasile, Mr. Giuliano Adreani, Mr. José Ramón Álvarez Rendueles, Mr. Pier Silvio Berlusconi, Mr. Fedele Confalonieri, Mr. Ángel Durández Adeva, Mr. Marco Giordani, Mr. Alfredo Messina, Mr. Borja de Prado Eulate, Mr. Massimo Musolino, Mrs. Helena Revoredo Delvecchio, Mr. Juan Luis Cebrián and Mr. Manuel Polanco Moreno, members of the Board of Directors of MEDIASET ESPAÑA COMUNICACIÓN, S.A. have no conflicts of interest with the Company at 31 December 2011.

In compliance with the aforementioned text, the activities performed either on their own behalf or on behalf of others by members of the Board of Directors at 31 December 2011 at companies having the same, similar or complementary activities to that of GESTEVISION TELECINCO, S.A. are listed below:

Mr. Alejandro Echevarría Busquet:

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Diario El Correo, S.A.	Newspaper publishing	Self-employed	-	Board Member
Editorial Cantabria, S.A.	Newspaper publishing	Self-employed	-	Board Member
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
Sociedad Vascongada de Publicaciones, S.A	Newspaper publishing	Self-employed	-	Board Member

(*) On 27 July 2011, Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U. was taken over by Mediaset España Comunicación, S.A. As a result, it was extinguished and dissolved without liquidation.

Mr. Paolo Vasile

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

(*) On 27 July 2011, Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U. and Sociedad General de Televisión Cuatro, S.A.U. were taken over by Mediaset España Comunicación, S.A. As a result, they were extinguished and dissolved without liquidation.

(**) On 29 November 2011, Canal Factoría de Ficción, S.A. was dissolved and liquidated.

Mr. Giuliano Adreani

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

Mr. Pier Silvio Berlusconi

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

Mr. Fedele Confalonieri

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

D. Giuseppe Tringali:

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

(*) Tendered resignation in May 2011.

Mr. Marco Giordani:

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

Mr. Massimo Musolino

Name	**Activity**	**Arrangement under which the activity is performed**	**Company through which the activity is carried out**	**Position held or function discharged**
Canal Factoría de Ficción, S.A.U. (**)	Production and distribution of audiovisual products and programs	Company employee	Mediaset España Comunicación, S.A.	Chairman/Managing Director
DTS Distribuidora de Televisión digital, S.A	Management of the free-to-air public TV service	Company employee	Mediaset España Comunicación, S.A.	Vice-Chairman
Publiespaña, S.A.U.	Advertising agency	Company employee	Mediaset España Comunicación, S.A.	Board Member
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U. (*)	New agency	Company employee	Mediaset España Comunicación, S.A.	Board Member
Conecta 5 Telecinco, S.A.U.	Exploitation of audiovisual content on the Internet	Company employee	Mediaset España Comunicación, S.A.	Board Member
Grupo Editorial Tele 5, S.A.U.	Exploitation of rights; production and distribution of publications	Company employee	Mediaset España Comunicación, S.A.	Joint CEO
Telecinco Cinema, S.A.U.	Television broadcasting services and intermediation in the markets for audiovisual rights	Company employee	Mediaset España Comunicación, S.A.	Joint CEO
Mediacinco Cartera, S.L.	Financial investments	Company employee	Mediaset España Comunicación, S.A.	Chairman
Premiere Megaplex, S.A.	Film distribution	Company employee	Mediaset España Comunicación, S.A.	Board Member

(*) On 27 July 2011, Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U. was taken over by Mediaset España Comunicación, S.A. As a result, it was extinguished and dissolved without liquidation.

(**) On 29 November 2011, Canal Factoría de Ficción, S.A. was dissolved and liquidated.

Mr. Manuel Polanco Moreno

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Prisa Television, S.A.U..	Television holding company	-	-	Chairman
Grupo Media Capital, SGPS,S.A.	Television holding company	-	-	Director
Canal Club de Distribución de Ocio y Cultura, S.A.	Telemarketing TV channel	-	-	Director
DTS,Distribuidora de Televisión Digital, S.A:	Pay TV	-	-	Chairman
Chip Audiovisual, S.A.	Television producer	-	-	Director
Vertix, SGPS, S.A.	Television holding company	-	-	Chairman
Plural Entertainment Portugal, S.A.	Television producer	-	-	Chairman
TVI Televisao Independente, S.A.	Free-to-air television	-	-	Chairman
Media Capital Produçoes-investimentos, SGPS, S.A.	Production holding company	-	-	Chairman
MCP Media Capital Produçoes, S.A.	Production holding company	-	-	Chairman
Prisa Digital, S.L.	Internet content	-	-	Director
Prisa División Internacional, S.L.	International holding company	-	-	Director
Instituto Universitario de Posgrado, S.A.	Post-graduate education and training	-	-	Director
Prisa INC	US holding company	-	2 -	Director
Productora Canaria de Programas, S.A.	Production	-	-	Director
Sociedad Canaria de Televisión Regional, S.A,	Production	-	-	Director
Plural Jempsa, S.L.	Film production	-	-	Vice-Chairman and CEO
Tesela Producciones Audiovisuales, S.L.U.	Production	-	-	Joint and several director
Plural Entertainment España, S.L.U.	Production	-	-	Joint and several director
Plural Entertainment Canarias, S.L.U.	Production	-	-	Joint and several director
Promotora de Publicaciones, S.L.		-	-	Director
Timón, S.A.		-	-	Vice-Chairman

Mr. Juan Luis Cebrián Echarri

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

In addition and in compliance with the aforementioned text, it is hereby confirmed that Mr. José Ramón Álvarez Rendueles, Mr. Angel Durández Adeva, Mr. Alfredo Messina, Mr. Borja de Prado Eulate and Mrs. Helena Revoredo Delvecchio, have not carried out nor carry out, on their own behalf or on behalf of other parties, any activities which are the same, similar or complementary to the activities of MEDIASET ESPAÑA COMUNICACIÓN, S.A.

20. Merger in 2011

On 22 July 2011, the Board of Directors approved the takeover and merger of Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U., Sociedad General de Televisión Cuatro, S.A.U. and Compañía Independiente de Noticias Televisión, S.L.U. The merger deeds were executed on 27 July 2011. For accounting purposes, the merger takes effect from 1 January 2011.

As a result of the merger, the balance sheet at 31 December 2011 includes the impact of the addition of these companies' assets and liabilities.

The assets and liabilities of the merged companies at 31 December 2010 were as follows:

ASSETS	SDAD.GRAL. TV CUATRO,SLU	CIA INDEP. NOTICIAS TV,SLU	AG.TV.LATINO.SER. NOT.ESPAÑA,SAU
NON-CURRENT ASSETS			
Intangible assetes	610	-	994
Property, plant and equipment	-	382	3.062
Financial investments	-	4	8
Investment in grupo companies and associates	3	-	1.809
Deferred tax assets	16.941	2.534	334
NON-CURRENT ASSETS	17.554	2.920	6.207
CURRENT ASSETS			
Inventories	75.756	-	8
Trade and other receivables	129.619	11.076	23.936
Trade receivables	1.269	116	1.933
Trade receivables from group companies and associates	117.292	10.947	21.985
Other receivables	11.058	13	-
Receivables from employees	-	-	18
Other current assets	1.070	-	-
Investments in group companies and associates	-	-	9.273
Financial investments	-	-	80
Prepaid expenses	-	-	7
Cash and cash equivalents	29.279	446	242
CURRENT ASSETS	235.724	11.522	33.546
TOTAL ASSETS	253.278	14.442	39.753

EQUITY AND LIABILITIES	SDAD.GRAL. TV CUATRO,SLU	CIA INDEP. NOTICIAS TV,SLU	AG.TV.LATINO.SER. NOT.ESPAÑA,SAU
Share capital	6.011	1.442	901
Share premium	32.842	-	-
Reserves	(823)	-	-
Other reserves	(823)	(532)	2.803
Legal and statutory reserves	-	153	2.803
Negative results from previous years	-	(685)	
Other shareholder contributions	29.929	-	1.092
Profit for the year	(18.993)	(2.363)	5.656
(Interim Dividend)	-	-	(4.900)
EQUITY	48.966	(1.453)	5.552
NON - CURRENT LIABILITIES			
Provisions for contingencies and liabilities	1.985	-	4.621
NON - CURRENT LIABILITIES	1.985	-	4.621
CURRENT LIABILITIES			
Borrowings	-	-	1.592
Borrowings from group companies and associates	49.468	6.577	15.262
Trade and other payables	152.859	9.318	12.726
Suppliers	141.378	4.910	9.839
Suppliers	-	-	1.260
Employee benefits payable	-	-	812
Other payables to public administrations	-	-	815
Other payables	11.481	4.408	-
CURRENT LIABILITIES	202.327	15.895	29.580
TOTAL EQUITY AND LIABILITIES	253.278	14.442	39.753

Pursuant to legislation on intra-group mergers, the assets and liabilities of the acquiree are measured at the related amount in the Group's consolidated financial statements. Therefore, the assets and liabilities were added at the amounts appearing in Mediaset España Group's consolidated statement of financial position. Accordingly, the Sociedad General de Television purchase price allocation at consolidated level was considered.

21. Other disclosures

a) *Employees*

	2011			
	At year-end			
	Male	**Female**	**Total**	**Average for the Year**
Senior executives	11	2	13	13
Executives	41	20	61	60
Department managers	32	37	69	75
Technical staff	378	243	621	625
Administrative personnel	31	110	141	140
Operators	19	-	19	19
Journalists	74	102	176	179
	586	514	1,100	1,111

	2010			
	At year-end			
	Male	**Female**	**Total**	**Average for the Year**
Senior executives	8	2	10	10
Executives	30	17	47	48
Department managers	23	26	49	49
Technical staff	313	145	458	459
Administrative personnel	28	93	121	122
Operators	19	-	19	19
	421	283	704	707

b) Audit fees

Audit fees of the 2011 financial statements totalled EUR 174 thousand (2010: EUR 88 thousand).

In addition, the fees paid in the year for other services performed by the Company's statutory auditors in 2011 totalled EUR 99 thousand (2010: EUR 570 thousand).

c) Foreign currency

Foreign-currency transactions related to the acquisition of audiovisual property rights and distribution rights totalled USD 116 million. (In 2010, USD 35 million)

"Trade receivables" includes EUR 80 thousand denominated in US dollars. (2010: USD 37 thousand).

In addition, "Plant, property and equipment" payables includes EUR 49,138 thousand, denominated in US dollars (2010: USD 12,951 thousand).

21. Significant events after the reporting date

At 31 December, test broadcasting had begun by the new channel, Energy, which is part of the Cuatro multiplex. After the end of 2011, this channel was broadcasting normally.

Madrid, 22 February 2012.

THE SPANISH ECONOMY IN 2011

Data on the Spanish economy available at the date of authorisation for issue of these financial statements are discouraging, not just the performance in 2011, but also the outlook for 2012.

Last year featured a series of shocks in the debt markets, above all issues by European peripheral countries struggling with fiscal imbalances (notably Portugal, Italy and Spain), whose spreads versus German bunds reached unsustainable levels in the latter months of the year. In Greece, the situation became dramatic due to the scale of the country's imbalances and its high debt. There were even fears that the country would have to leave the single currency because of both its clear inability to repay its debt and the harsh measures required by its partners amid an economic recession.

At the date of authorisation for issue of these financial statements, the measures adopted by the new governments in both Italy and Spain had eased pressures on debt spreads considerably. As a result, access to these markets was mostly back to normal.

2011 proved to be a year of a multi-speed global economy, with the peripheral countries (mainly emerging Asia and Latin America) still achieving healthy growth rates, albeit less so than in previous years. The US showed signs of rebounding, with GDP growth of 2.8% for the year, but it was hardly the global growth driver it was expected to be. The European Union was a major disappointment –data for the full year have yet to be released, but the paltry 0.2% growth in the fourth quarter bore testament to the steep slowdown seen throughout the year- prompting expectations of a sustained economic recovery to ultimately shift to the reality of a dip back into recession.

For Spain, data for 2011 indicate that annual GDP growth (estimated at 0.7% at the date of authorisation for issue of these financial statements, as final data had yet to be released) was clearly insufficient to herald any sort of recovery. Worse still, the trend during the year was downward. The Spanish economy fell back into recession in the fourth quarter, with GDP contracting 0.3% year-on-year. Meanwhile, most analysts forecast a steeper downturn in 2012, with falls of over 1.3%. Private consumption looks set to remain weak, while public demand should plunge in the wake of the fiscal and budget adjustment measures affecting the various levels of administration.

The unemployment rate is another story, reaching 22.9% of the total labour force in 2011 -the highest in Europe- and on track to top 24% according to most analysts.

Prices also did not perform well during the year either, rising 2.4%. Inflation was mainly caused by upward pressure on fuel and commodity prices due to both geopolitical factors and waning demand by the large emerging economies. However, data for January this year show the headline rate ticking back to 2%.

Lastly, we would highlight the fiscal adjustment measures adopted by the new government in Spain after the general elections. Although necessary, these measures are likely to: 1) undermine disposable income levels from February, at least initially; and 2) dent economic recovery, given the traditionally high weight of private consumption in domestic demand in Spain. In short, 2012 will probably bring about the aforementioned recession, from which Spain will probably not emerge until well into 2013, according to most analysts.

MEDIASET ESPAÑA: LEADER IN THE CRISIS

As we have explained other years, the adverse economic backdrop caused demand for television advertising to fall more in 2008 and 2009 that at any time before. Prices plummeted as public TV benefited from a dual financing model, not to mention excess supply of TV space, with too many operators vying for the advertising pie.

RTVE stopped broadcasting commercials in 2010 by law. This was something commercial networks had been lobbying for and became even more important with the advertising market contracting sharply since 2008. In 2010, the disappearance of advertising from RTVE, which prompted private operators to attempt to push up prices, coupled with a relatively more propitious economic and business environment, at least in the early part of the year (e.g. subsidies on automobile purchases, imminent hike in VAT on 1 July, World Cup in South Africa), boosted TV advertising sales by 5.2%. This was a healthy increase considering the state of the economy.

However, in 2011, the TV advertising market plummeted again, even despite signs early on pointing to a year of moderate growth, as we suggested in our 2010 management report.

Unfortunately, the truth was far worse. With final data on the performance of the advertising market by Kantar Media still to be released at the date of preparation of these financial statements, estimates point to a decline in TV advertising revenue of around 10% in 2011, with far steeper falls in the third and fourth quarter.

The highlight of 2011 for Mediaset España was the integration of Cuatro into the rest of the Group's operations following its acquisition on 28 December 2010. This integration boosted the Company's share of global advertising sales and provided a target complement to the Group's commercial strategy. That said, when the market really slumped from the second quarter, expectations of unlocking the value of the advantages of the integration were pushed back until demand effectively recovered. Nonetheless, its leadership position on this front (43.5% share in 2011, more than 10 points above its closest rival and moving up to 44% in the last quarter) leaves the Group poised to benefit when the trend reverses.

Turning to audience, Cuatro's integration came at the time when specific TDT channels (Divinity, La Siete, FDF, Boing) were growing and solidifying their positions through a strategy aimed at diversifying and targeting different viewer profiles. This strategy shored up both overall family and individual audience shares of each, thereby avoiding cannibalisation. What's more, TV consumption was at its highest ever, not only due to the economic crisis, but also to the greater audience diversification and penetration through fragmentation.

To illustrate, data show Mediaset España was the overall leader in 2011, with a 26.4% share, more than 4 points ahead of RTVE and 9.3 ahead of its main commercial competitor. The Telecinco channel reached a 14.2% share in the year, just three-tenths below La Primera (RTVE) but 2.7 points above the second operator. Meanwhile, Cuatro's share was 6.1%, 0.4 points below its main competitor, La Sexta. A new channel, Divinity, began airing in the first quarter of 2011. Mainly targeting young, urban women, this channel achieved a highly satisfactory 0.7% average share for the year.

Comparing the Company's results in 2011 with those of 2010, we see:

- Total operating income increased from EUR 692,320 thousand in 2010 to EUR 859,631 thousand in 2011.

- Operating expenses increased from EUR 552,687 thousand to EUR 784,488 thousand due to the acquisition of Cuatro. In like-for-like terms, however, the Company's efforts to reduce costs (mainly programming) were evident, especially once the downtrend in the advertising market was clear. The ability to lower costs in a highly operationally geared industry like TV stems from Mediaset España's naturally flexible television model, predicated on having a greater weight of in-house vs. outside production. Also helping to lower costs in the year were the absence of major sporting events, the extraction of synergies from the integration of Cuatro and the fewer number of films screened compared to 2010.

- Profit from operations amounted to EUR 89,439 thousand, down from EUR 146,439 thousand in 2010. This leaves an operating margin (profit from operations/operating income) of 10.40% in 2011 compared to 21.14% in 2010. Given the high operational gearing inherent in the TV business, the decrease relates mainly to the downturn in the advertising market in the year despite major efforts to rein in costs, as explained above.

- Finally, net profit in 2011 amounted to EUR 137,264 thousand, compared to EUR 113,934 thousand in 2010.

DIVIDENDS

In 2011, the Company paid a total of EUR 140,160 thousand of dividends, EUR 97,912 thousand in ordinary dividends out of 2010 profit and EUR 42,248 thousand of extraordinary dividends, representing a total of EUR 0.35 per outstanding share, paid on 4 May.

INVESTMENT IN RIGHTS AND FILM PRODUCTION

The Mediaset España Group maintained its policy of investing in audiovisual broadcasting rights, carefully selecting the type of rights and content in order to maintain audience figures in the future and provide the most fertile ground for the advertising business. The Group placed special emphasis once again on investment in Spanish Series.

Worth highlighting were the activities undertaken by Telecinco Cinema, S.A. (formerly Estudios Picasso S.A.), a wholly owned subsidiary of the Company charged with film production under the legal requirement of TV concessionaires to earmark 3% of operating revenue for Spanish and European film production.

As investment in film production arises from a legal obligation and not a decision made freely by the network, the Company has opted for quality and ambitious projects based on global strategic criteria guiding its activity in this field. Where possible, it opts for productions of a certain size and scope that are apt for international showing bearing in mind market conditions and the Company's financing capacity as this obligation outweighs the revenues generated, regardless of the trend and without any consideration to costs incurred or margins commanded.

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

Highlights of 2011 include the success among critics and viewers alike of the film "No habrá paz para los malvados". It was the 5th most watched film of the year. It received 14 nominations for the Goya awards (more than any film), winning six. This was an excellent result, underscoring the quality of this production. "Verbo", which also premiered in 2011, won three nominations, including "Best direction" and "Best new actress".

Finally, the film "Amigos" was a hit at the box office. It was one of the summer's top comedies and won the Viewers' choice award (Premio de Público) at the Málaga Spanish film festival.

INTERNET

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

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

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

Also noteworthy are the production of exclusive Internet content and the launch of the new "Mi Tele" webpage.

TREASURY SHARES

At 31 December 2011, the Company held 6,419,259 treasury shares, representing 1.58% of share capital.

MEDIASET ESPAÑA SHARE PRICE PERFORMANCE

Mediaset España's share price struggled in 2011, as did the IBEX 35 Spanish blue chip index in which it is a constituent, slumping 46.4%, making it the index's second worst performer in the year. The shares reached a high of EUR 9.96 of 9 February and a low of EUR 3.76 on 24 November. Average daily trading volume for the year was high, at 2,922,482 shares, equivalent to EUR 18,185,860.

Total trading volume was EUR 4,640.9 million, 11.9% lower than in 2010.

Within the IBEX35, Mediaset España ranked 28th at the end of 2011 by market cap and 24th by trading volume.

Lastly, in the Media sector, Mediaset España ranked first at year-end 2011 in Spain by market cap (EUR 1,794 million) and fourth in Europe, behind ITV (EUR 3,180 million), ProSieben (EUR 3,089 million) and Mediaset S.p.A. (EUR 2,528 million).

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

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

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

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

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

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

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

Mediaset España is aware of the social impact of its actions. This awareness is all the more important at Mediaset España 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, Mediaset España also remains firmly committed to the training and career development of its employees.

HEDGING

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

RISK CONTROL

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

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

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

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

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

RESEARCH AND DEVELOPMENT

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

EVENTS AFTER THE REPORTING PERIOD

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

CAPITAL STRUCTURE

The Company's share capital before the capital increases carried out to acquire Cuatro and 22% of Digital+ amounted to EUR 123,320,928.00, made up of 246,641,856 shares of the same class represented by book entries and with a par value of EUR 0.50 each. As a result of the capital increases, the number of shares increased to 406,861,426 of EUR 0.50 par value each, taking the total to EUR 203,430,713. All the shares are of the same class and represented by book entries.

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

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

BUSINESS OUTLOOK

The Company's business in 2012 will evidently be shaped by the overall macroeconomic environment. As discussed briefly in this Management Report, most analysts concur that the Spanish economy will plunge back into recession this year, with weak private consumption, rising unemployment and soft public consumption due to the fiscal adjustment and budget measures.

2012 is also likely to featured further intra-sector consolidation due to both the weakness of demand for advertising and to ongoing M&A action. The outcome will be a smaller number of operators and a greater concentration of channels among each.

Against this backdrop, our Group's business will focus on boosting market share in both audience and advertising considerably by broadcasting sporting events to which we have exclusive rights (e.g. European football, Moto GP). With advertisers having trimmed their budgets compared to 2011, they could well concentrate more on famous sporting events.

Elsewhere, we will attempt to leverage the Group's higher operational gearing, predicated on the greater weight of in-house vs. outside production in terms of broadcasting hours, by raising or lowering the percentages in accordance with advertising revenues in order to protect operating margins.

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

RESTRICTIONS ON VOTING RIGHTS

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

SHAREHOLDER AGREEMENTS

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

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

1 Integration Contract

Subject to Clause 3.4 of the Integration Agreement and as described in the Prospectus dated 18 November 2010, Prisa TV (formerly Sogecable) is entitled to appoint two members of the Board of Directors of Telecinco (at the same time as Mediaset will have 8) and will be entitled to appoint one director for as long as it holds a minimum of 5% of the Telecinco's share capital. In addition, whilst Prisa TV holds 10% of Telecinco's share capital, it will be entitled to appoint, among the directors it has appointed, a non-executive Vice-president, a member of the Executive Committee, a member of the Audit and Control Committee and a member of the Remuneration and Nomination Committee. Mediaset S.p.A. has expressed its agreement with the contents of the indicated clause.

The following is the transcription of the clause 3.4 of the Integration Agreement:

(3.4) Telecinco Government

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

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

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

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

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

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

2. <u>Option Agreement</u>

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

This commitment will remain in effect until 28 March 2012 or, if the option is exercised as per the Option Agreement, as set out in paragraph 5.2.3. (F.6) of the Registration Document of the Pre-Prospectus approved and registered as of 18 November 2010 (the "Preprospectus"), until it gets: (i) the unconditional authorisation or subject to no substantial conditions of the antitrust authorities; and if necessary ruled by an independent expert or experts designated for that purpose by the parties, or (ii) an agreement between the parties on the conditions imposed by competition authorities. Therefore, until Telecinco will not make effective the additional corporate rights granted by the sale agreement and shareholders agreement in Digital+ as described in paragraph 5.2.3 of the Pre-prospectus (the "Additional Corporate Rights"). If not, or if it is impossible to apply the Additional Corporate Rights, there would be, among other things, the cancellation of the New Shares owned by Prisa TV, as indicated in the mentioned paragraph 5.2.3. (F.6) of the Pre-prospectus.

The following is the transcript of the, limited to pledges of non-availability of shares to Prisa TV (formerly Sogecable), clause 4.4 of the Option Agreement:

4.4. <u>Prohibition of disposal of New Shares and Participation Telecinco</u>

> ***SOGECABLE agrees not to offer, sell, convey any title, neither directly nor indirectly to place any liens and encumbrances on, the New Telecinco's Shares, until the effect of this Clause 4 will be extinguished, all without prejudice to the events arising from the Pledge and NAT Pledge and other security referred to in paragraph (i) of Clause 4.6 below. Accordingly, clause 13.2 of the Integration Agreement shall be void. Accordingly, clause 13.2 of the Integration Agreement shall be void.***

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

A. Appointment and removal of directors.

Article 41 of the Company bylaws:

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

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

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

Article 54 of the Company bylaws:

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

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

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

Article 55 - Removal of directors

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

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

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

B. Amendments to the Company's bylaws.

Article 34. - Adoption of resolutions

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

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

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

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

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

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

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

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

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

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

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

   e) Payment of interim dividends.

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

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

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

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

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

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

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

   m) Oversight of investing and financing policy.

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

o) Approval of corporate governance policy

p) Oversight of corporate social responsibility policy.

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

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

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

t) Approval of Company policy on treasury shares.

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

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

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

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

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

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

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

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

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

These transactions may be undertaken:

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

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

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

9.2. *Policy on treasury shares*

Within the scope of the 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.

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).